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CONTENTS

INTERNATIONAL AFFAIRS

Commission Explores Russian Partnership With Europe *[ITAR-TASS]* 1
DPRK Ambassador in Almaty on Nuclear Issue *[KAZAKHSTANSKAYA PRAVDA 13 Jul]* 1

INTERREGIONAL AFFAIRS

CIS Coordination Committee Discusses Economic Union *[Russian TV]* 3
Shumeyko Predicts Increased Integration With CIS *[INTERFAX]* 3
CIS Panel Scores Estonian Rights Legislation *[PRAVDA 14 Jul]* 3
ITAR-TASS Carries Press Review for 15 Jul 3

RUSSIA INTERNATIONAL AFFAIRS

Foreign Ministry To React to U.S. Senate Decision *[BNS]* 5
Zotov Calls Resolution 'Irresponsible' *[INTERFAX]* 5
Bakhmin: Troop Withdrawal by 31 Aug 'Hardly Feasible' *[Moscow TV]* 5
Senate Vote To Block Aid to Russia Devalues Naples Promises *[IZVESTIYA 15 Jul]* 5
U.S. Expert on Russian Approach to Peacekeeping *[KRASNAYA ZVEZDA 13 Jul]* 6
Rutskoy Rejects 'Pro-American Policy,' NATO *[Rome L'ESPRESSO 15 Jul]* 6
Edict, Commentary on U.S. Housing Aid Plan *[ROSSIYSKAYA GAZETA 13 Jul]* 7
PRAVDA Sees Clinton Berlin Speech as Unremarkable *[14 Jul]* 9
Agenda for Yeltsin's U.S. Visit Previewed *[KRASNAYA ZVEZDA 13 Jul]* 9
Russia Delimits Borders With Former USSR Republics *[INTERFAX]* 10
Stepashin: Rigid Borders With Baltic States Necessary *[Moscow International]* 10
Lysenko Sees 'Definite' Return of Baltics *[NEATKARIGA CINA]* 10
Chernomyrdin Latvia Visit Deemed Inappropriate *[ITAR-TASS]* 12
Duma Denounces 'Discrimination' Against Russians in Latvia *[ITAR-TASS]* 12
Ministry Spokesman Urges Sanctions on Haitian 'Outrages' *[IZVESTIYA 15 Jul]* 12
Moscow Reportedly To Resume Arms Sales to Iraq, Libya *[Radio Rossii]* 13
Envoy Goes To Damascus for Talks With Syrian Leaders *[ITAR-TASS]* 13
Lifting Embargo on Export of Iraqi Oil Threatened *[INTERFAX]* 13
Zhirinovskiy on Upcoming Duma Deputies Visit to Iraq *[INTERFAX]* 13
Soskovets To Discuss Arms Supplies During Turkish Visit *[ITAR-TASS]* 14
Opposition to Turkish Regulations on Straits Passage Cited *[ROSSIYSKAYA GAZETA 14 Jul]* 14
Russian, German Cosmonauts Prepare for Joint Space Flight *[ITAR-TASS]* 15
German Air Force Aide Views Air Defense Installations *[KRASNAYA ZVEZDA 13 Jul]* 15
Russian Ships End Visit to Netherlands *[KRASNAYA ZVEZDA 13 Jul]* 16
PRAVDA on Planned NATO Exercise in Poland *[13 Jun]* 16
INTERFAX 'Exclusive' Interview With Croatia's Valentic 17
Foreign Ministry Spokesman Comments on DPRK *[Radio Rossii]* 18
Soskovets, Mitsui Team Discuss Petrochemical Project
[NOVAYA YEZHEDNEVNAYA GAZETA 14 Jul] 18
Foreign Ministry Attacks Estonia Over SS Veterans Rally *[ITAR-TASS]* 18
UK Ambassador Cited on Queen's Visit to Russia *[ROSSIYSKIYE VESTI 14 Jul]* 19
UK 'Seriously Concerned' by Russian Money Laundering *[IZVESTIYA 14 Jul]* 19
Party Views Results of Ukraine, Belarus Elections *[INTERFAX]* 19
Election Impact on 'Slav Union' Prospects Seen *[KRASNAYA ZVEZDA 14 Jul]* 19
Yeltsin Congratulates Kuchma on Election *[URYADOVYY KURYER 14 Jul]* 20
Newspapers View Kuchma's Victory in Ukraine *[ITAR-TASS]* 20
Moscow Paper Predicts 'Hard Times' for Ukraine's Kuchma
[NOVAYA YEZHEDNEVNAYA GAZETA 14 Jul] 21
Moscow Suggests Fundamental Reform of CSCE *[INTERFAX]* 21
Duma Deputies Term Baykonur Situation 'Disastrous' *[ITAR-TASS]* 22

Moscow Calls for Help To Solve Cambodian Crisis *[ITAR-TASS]* 22
'Experts' Sound Alarm Over Indian Debt Deal *[KOMSOMOLSKAYA PRAVDA 13 Jul]* 23
Sunk Nuclear Submarine Being Successfully Sealed *[ITAR-TASS]* 23
Operation To Combat Smuggling, Rustling on Mongolia Border *[ROSSIYSKAYA GAZETA 14 Jul]* 24

RUSSIA NATIONAL AFFAIRS

Political Issues

Government Economic Meeting Opens in Kremlin *[ITAR-TASS]* 25
Yeltsin Misses Meetings Due to 'Cold' *[AFP]* 25
Chernomyrdin Addresses Crime Issue *[ITAR-TASS]* 25
Yeltsin Anticrime Edict Takes Effect *[ITAR-TASS]* 25
Accord Seals Assembly, Regional Cooperation *[ITAR-TASS]* 25
Movement To Revive Union Holds News Conference *[PRAVDA 14 Jul]* 26
Yavlinskiy Explains Yabloko Policy Line *[ROSSIYA 13-19 Jul]* 26

Economic Issues

Chernomyrdin Says Reforms Yielding 'Positive Results' *[ITAR-TASS]* 27
Chernomyrdin Outlines Reform Tasks *[ITAR-TASS]* 28
Sets Targets for Regional Policy *[ITAR-TASS]* 28
Expects Good Harvest in 1994 *[ITAR-TASS]* 28
'Moderately Tough' Credit Policy To Continue *[ITAR-TASS]* 28
Threshold of Bankruptcies 'Overstepped' *[ITAR-TASS]* 29
Industrial Slump Reaches 26 Percent in 6 Months *[ITAR-TASS]* 29
Six-Month Economic Figures Analyzed *[IZVESTIYA 14 Jul]* 29

Military Issues

Chernomyrdin Views Defense Restructuring, Funding *[ITAR-TASS]* 31
Grachev Approves Pay Raise for Civilian Staff bat[Moscow Radio] [ITAR-TASS] 31
Gromov on Week-Long Tour of Pacific Fleet *[Radio Rossii]* 32
Border Guards Spurn Grachev Plan *[SEGODNYA 14 Jul]* 32
Uranium Stolen in Siberia Not for Military Use *[NEZAVISIMAYA GAZETA 15 Jul]* 32
Problems in Restructuring Army Debated *[KRASNAYA ZVEZDA 13 Jul]* 33

Federal Assembly

Duma Attacks U.S. Senate Resolution on Estonia *[ITAR-TASS]* 35
Zhirinovskiy Calls on Duma To Reprimand Shakhray *[Russian TV]* 35
Duma Demands Resignation of Government Chief of Staff *[ITAR-TASS]* 36
Duma Debates Raising Pension Benefits *[SEGODNYA 15 Jul]* 36
Duma Adopts Draft on Amendments to Banking Law *[ITAR-TASS]* 37
Duma Passes Draft Law on Use of Mineral Resources *[ITAR-TASS]* 37

Regional Affairs

Yeltsin Meets Regional Governors *[ITAR-TASS]* 37
Navy Chief Arrives To Inspect Pacific Fleet *[Vladivostok Radio]* 38
Commander Says Baltic Fleet Vital to Interests *[KALININGRADSKAYA PRAVDA 8 Jul]* 38
Some Pacific Fleet Servicemen Unpaid Since Mar *[KRASNAYA ZVEZDA 13 Jul]* 39
State of Emergency Extended in North Ossetia *[ITAR-TASS]* 39
Tatarstan, Komi Sign Friendship Treaty *[ROSSIYSKAYA GAZETA 13 Jul]* 39
Support Expressed for Agrarian Party in Volgograd *[SELSKAYA ZHIZN 14 Jul]* 39
Bryansk Forms Interior Troop Fast Response Unit *[ITAR-TASS]* 40
Maritime Military, Industries Lose Power Supplies *[Vladivostok Radio]* 40
Wage Nonpayments Provoke Miners' Strike in Vorkuta *[IZVESTIYA 14 Jul]* 40
Southern City Mayors Oppose Land Privatization *[KOMMERSANT-DAILY 14 Jul]* 40

UKRAINE

International Affairs

Economic Union Should Bring CIS States Closer *[Moscow Radio]* 42
Military Cooperation Accord Signed With Latvia *[URYADOVYY KURYER 14 Jul]* 42
Kiev, Vienna Sign Space Cooperation Protocol *[UNIAR]* 42

National Affairs

Final Presidential Results Announced *[UNIAR]* 42
Kuchma Receives Certificate of Election *[UNIAN]* 43
To Be Inaugurated 19 Jul *[ITAR-TASS]* 43
Kuchma Set To Completely Reshuffle Administration *[UNIAN]* 43
Views Country's Future, 'Economic Crisis' *[Hamburg DIE ZEIT 15 Jul]* 43
Paper Says Purported Kuchma Assassination Plan Plausible *[SEGODNYA 14 Jul]* 44
Security Service Says Plan 'Fabrication' *[HOLOS UKRAYINY 14 Jul]* 44
Black Sea Fleet Commander Congratulates Kuchma on Election *[UNIAN]* 45
Radetskyy Reportedly Halts Nuclear Weapons Withdrawal *[UNIAN]* 45
Official Denies Order To Halt Withdrawal *[UNIAN]* 45
Crimea Urges Ukraine Rescind Laws on Police Subordination *[UNIAN]* 45
Crimean President's Appeal to Ukraine People Cited *[NEZAVISIMAYA GAZETA 14 Jul]* 46
Crimean Deputies Reject 'Populist' Protests, Cite Program *[KRYMSKAYA PRAVDA 9 Jul]* 46
Drought Hits Crimean Agriculture; Kiev Stance Scored *[ROSSIYSKAYA GAZETA 14 Jul]* 47
Moroz Receives Hungarian Envoy *[HOLOS UKRAYINY 13 Jul]* 47
Republican, Democratic Parties Discuss Merger *[UNIAN]* 48

WESTERN REGION

Belarus

Lukashenka To Nominate Ministers 18 Jul *[Minsk Radio]* 49
Allegedly To Cut Funds for Critical Paper *[RID]* 49
National Bank Seeks To Amend Monetary Union With Moscow *[INTERFAX]* 49
Movement Ends Bloc Membership Over Communists' Exclusion *[BELAPAN]* 50

Moldova

Deputy Prime Minister on 100 Days of Government *[INTERFAX]* 50

CENTRAL ASIA

Kazakhstan

Premier Receives Iranian Health Minister *[Tehran IRNA]* 51
Communist Leader Korolkov Interviewed *[PRAVDA 14 Jul]* 51
Parliament Adopts Budget, Ratifies Baykonur Agreement *[Almaty Radio]* 52
Further on Budget Adoption *[INTERFAX]* 52

Kyrgyzstan

Akayev Announces Cut in Official Subsistence Income *[PRAVDA 13 Jul]* 52
World Bank Group Allocates $17 Million Credit *[ITAR-TASS]* 53

Turkmenistan

ITAR-TASS Notes Recent 'Warmer' Relations With U.S. 53

Uzbekistan

Karimov Meets Japanese Marubeni Corp. Delegation *[Tashkent Radio]* 54
Decree Permits Privatization of Businesses, Land *[TRUD]* 54

CAUCASUS

Armenia

President, Others Discuss Cooperation With Oleandrov *[Yerevan Radio]* 55
Seven Hurt in Azerbaijani Attack on Northern Border *[Yerevan Radio]* 55
Yerevan Rejects Turkey's Participation in Peacekeeping *[ITAR-TASS]* 55

Azerbaijan

Premier, Gilan Province Governor Discuss Border Relations *[Tehran IRNA]* 55
Armenia Says Azeri Army Active on Northeast Border *[INTERFAX]* 56

Georgia

Opposition Fails To Unite in Fight Against Government *[INTERFAX]* 56

BALTIC STATES

Estonia

Prime Minister Laar Hails U.S. Congress Resolution *[INTERFAX]* 57
Government Protests Russian Troop Pullout Decision *[INTERFAX]* 57
Turkish Foreign Minister Departs 14 Jul *[ETA]* 57
Delegation Meets Churkin in Moscow, Returns Home *[Tallinn Radio]* 58

Latvia

Birkavs Holds News Conference on Resignation *58*
Cabinet To Continue Functioning *[Riga Radio]* 58
Ulmanis Comments *[Riga Radio]* 59
Official Denounces 'Provocation' During Clinton Visit *[BNS]* 59
Relations With Taiwan Scaled Down in Favor of PRC *[Riga Radio]* 59

Lithuania

Finance Ministry Official Says Shortfall 'Evident' *[BNS]* 59
Land Border With Latvia Established *[Vilnius Radio]* 60

Commission Explores Russian Partnership With Europe

LD1407141494 Moscow ITAR-TASS in English 1353 GMT 14 Jul 94

[By ITAR-TASS diplomatic correspondent Dmitriy Gorokhov]

[Text] Moscow July 14 TASS—The international nongovernmental commission "Grande Europe" has decided to hold a special conference on the integration of Russian and West European institutions. The conference's meetings will be held on Saturday and Sunday in St. Petersburg under the chairmanship of Paris Mayor Jacques Chirac.

The commission includes influential European figures and Russian politicians. The commission's vice-president from Russia is Deputy Premier of Russia Anatoliy Chubays.

"The decision to convene the commission's meetings was due to the growth in the scale of Russia's relations with Western partners", ITAR-TASS was told by Galina Sidorova, coordinator of the Russian part of the commission and political adviser to the Russian foreign minister. "Russia is now quickly gaining a worthy place in the European states' systems of cooperation", she said.

"The Naples meeting between Russian President Boris Yeltsin and the leaders of the Group of Seven highly-industrialized countries, whose political discussions were held in the "Group of Eight" format, gave a huge boost to communication and dialogue between Russia and the West. So did the previous month's agreements concluded between the Russian Federation and the Organization of Economic Cooperation and Development, the European Union, and NATO", Sidorova said.

The conference will listen to reports from the commission's working groups, in particular, those on security and economy. Considering that "Grande Europe" includes many well-known politicians, the commission's activity smooths the development of ties between political figures and aids in establishing a positive climate for relations between Russian and Western Europe.

DPRK Ambassador in Almaty on Nuclear Issue

944K1764A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 13 Jul 94 p 2

[Interview with DPRK Ambassador to Kazakhstan Yi Gil-nam by KAZAKHSTANSKAYA PRAVDA correspondent Dinara Shugabayeva; place and date not given: "Pyongyang Does Not Intend To Build Nuclear Weapons, Said DPRK Ambassador to Kazakhstan Yi Gil-nam"]

[Text] **The American-Korean negotiations have finally been resumed in Geneva. Because of their suspension, the DPRK nearly withdrew from the nuclear nonproliferation treaty. Because of this, almost all the mass media hinted at impending danger on the part of North Korea because of the assumed development of nuclear weapons there. KAZAKHSTANSKAYA PRAVDA asked Mr. Yi Gil-nam, DPRK ambassador extraordinary and plenipotentiary, to explain the situation.**

[Shugabayeva] Mr. Ambassador, various mass media have reported that Pyongyang refused International Atomic Energy Agency (IAEA) inspections of the facilities where nuclear reactors are installed, thereby violating the nuclear nonproliferation treaty it had signed. The reason for this behavior was the U.S. refusal to sit down at the negotiating table. Is this so, and what is it that Pyongyang and Washington cannot agree on?

[Yi Gil-nam] The mass media interpreted the situation with the nuclear program on the Korean peninsula in different ways, mainly presenting Washington's view of it. You probably noticed that this one-sided information "boom" immediately subsided as soon as it became known that the United States would sit down at the negotiating table after all.

I must say that this panic in the public mind was created intentionally. Where do things stand in reality? In order to expand the national power generation base, the DPRK with its own resources and technology has built an experimental AES [nuclear power station], where everything—from beginning to end—is meant for peaceful purposes; we do not have either the capability or intention of developing nuclear weapons. We do not need weapons—one or two nuclear warheads will not solve anything anyway. On the contrary, our government is making a great effort to turn the country into a nuclear-free zone.

The nuclear issue essentially arose at the point when the United States brought to South Korea more than 1,000 nuclear warheads and turned the southern part of the peninsula into a strategic beachhead. This is a violation of two agreements reached by us first with the United States, and then with South Korea. Of course, Pyongyang spoke out against this arbitrary action, especially considering that it did not receive any guarantees of nuclear nonaggression and protection from the United States. So if there is a nuclear threat hanging over anyone, it is the DPRK. And that is why the leadership of our country had to demand that a compromise decision be made between liquidation of the U.S. military base in South Korea and obtaining nuclear guarantees. And since the United States needed a pretext to keep the nuclear arsenal in the South of Korea, they began to systematically hype the situation around the North.

[Shugabayeva] America advocated international sanctions against your country, and many states supported it in its resolve not to undermine the nuclear nonproliferation regime. Was this all unfounded?

[Yi Gil-nam] Of course. At the AES that exists in the DPRK—its power is only 5 MW—it was necessary for technical reasons to replace a fuel rod. To certify the

integrity of nuclear activities, we summoned IAEA observers five times by telex—and this is despite the fact that appropriate measuring devices are installed in the active zone, which keep everything under the international agency's monitoring anyway. After long delays, two inspectors arrived to the facility. They verified that nuclear substances were being used exclusively for peaceful purposes. As soon as they got back to the IAEA headquarters, the UN Security Council adopted its notoriously pretentious resolution, which indicated, among other things, the imposition of economic sanctions. It was clear that everything was proceeding according to a preset scenario.

Then the IAEA made a statement that it would stop cooperation with us unless we reach a peaceful settlement of the conflict. Then the DPRK MFA [Ministry of Foreign Affairs] in turn announced withdrawal from this organization, since what ensued was a virtual pressure campaign on the republic. President of the country Kim Il- song in an interview to Cuban television made it clear that it is not right to dance to the superpowers' tune and that international matters must be resolved on the basis of equality and justice, without interference in the internal political affairs of states. After this the United States proposed to us to resolve the conflicts peacefully, so we did not withdraw from the treaty but only took a special position, which did not impede IAEA inspection activities.

Another reason why there is an attempt to strangle the little country on the South Asian continent with economic sanctions is because it is an eyesore for the states who are today trying to trumpet the victory of the capitalist system. Because we still adhere to socialist ideas and are flourishing.

[Shugabayeva] What was the DPRK's reaction to the Russian proposal to hold an eight-party international conference on the question of the nuclear problem on the Korean peninsula—which, by the way, was supported by the Kazakhstan MFA in its unprecedented statement?

[Yi Gil-nam] Some countries, including Russia, rushed into this without giving serious thought to the fact that the crisis had emerged in the relations between two states—North Korea and the United States. There should be no third parties. In general, the nuclear problem ought to be resolved between Pyongyang and Seoul, but since South Koreans do not own the nuclear weapons on their territory, we have to conduct a dialogue with the United States.

[Shugabayeva] Will a U.S. sanction also be needed for an envisaged peaceful unification of Korea?

[Yi Gil-nam] Yes, because South Korea is virtually an American colony. The Soviet Union kept its word and withdrew its troops from our territory, while America, contrary to the undertaken obligations, maintained its military presence in Seoul. Actually, the same for some reason happened with respect to the Warsaw Pact and NATO. So far the United States does not object to Korean unification. But this should be proven in deed—by putting an end to expanding its military might in South Korea.

[Shugabayeva] Some specialists on your region suggested the following: The DPRK, they say, wants to develop a nuclear bomb in order to make it a trump card at the time of unifying Korea into a single state. Do you have any counterarguments on this account?

[Yi Gil-nam] Definitely. As is known, from 25 to 27 July a meeting of the presidents of South and North Korea will be held in Pyongyang—the first in 45 years since the war. In many respects it will be decisive for the future of the Korean people. The program for a great consolidation of the nation proposed by the DPRK does not give an advantage to either side and is drafted with the developments in the current international situation in mind. The creation of a confederative democratic republic of Korea envisages the existence of two systems and two governments within the framework of one nation and one state. The idea is to introduce the institution of cochairman in the Supreme Federal Assembly, where representatives of the two systems will take turns as supreme leaders. Provided that this time politicians are guided by love for their nation rather than something superficial, they can reach understanding.

* * *

As this material was being prepared for print, we learned the sad news: DPRK President Kim Il-song has passed away. For this reason, at the request of Korean delegation the Geneva negotiations temporarily [line(s) missing].

CIS Coordination Committee Discusses Economic Union

LD1407145394 Moscow Russian Television Network in Russian 1200 GMT 14 Jul 94

[Report by correspondent A. Dubnov; from the "Vesti" newscast]

[Text] Today's meeting of the CIS Coordinating and Consultative Committee [in Moscow] discussed implementation of the treaty on the establishment of an economic union. The session was held in preparation for the summit meeting of Commonwealth heads of state. It was proposed that the Coordinating and Consultative Committee's economic union commission be replaced by an interstate economic committee. This would raise its status and delegate more powers to the regions.

A draft agreement on measures to ensure mutual convertibility of national currencies on a bilateral basis and to prepare a plan for future integration within the Commonwealth occupied an important place in the discussions.

The meeting also touched on inter-industry cooperation and practical arrangements for the regulation of internal hard currency debts within the former USSR.

[Shokhin] The main result was the fact that, first, we have more or less approved the plan for integration measures. This is a plan for the deepening of the Commonwealth. This singles out such areas as movement toward a universal zone of unrestricted, free trade, and the elements of a customs union.

Shumeyko Predicts Increased Integration With CIS

LD1407112994 Moscow INTERFAX in English 1009 GMT 14 Jul 94

[Text] Chairman of the Federation Council Vladimir Shumeyko is not inclined to overly exaggerate the consequences of the new Belarusian leaders' possible refusal to create a monetary union with Russia. He told journalists during his visit to Interfax agency on Wednesday that the Belarusian parliament had opposed such a union, because if the state loses control over monetary emission, it partly loses its sovereignty.

He said, however, that the Russian and Belarusian leaders would find a new form of integration, because integration as such reflects the vital interests of the two states. In his opinion, in the near future Russia's economic contacts with the CIS countries would become stronger, which will make their political ties stronger, as well. Eventually, the Commonwealth of Independent States may develop into a confederation, he said.

In the meantime, the Russian Federation must establish borders with the former Soviet republics to protect Russia from the uncontrolled inflow of goods, drugs and weapons from foreign states, said Shumeyko. The border regime will be different in different sections, he went on to say. It must be extremely stringent in the sections bordering on the Baltic states, while relations with those countries must be friendly.

He announced that as before he favored the idea of extending the mandates of the president and parliament. He also said that many public figures and statesmen shared this view.

CIS Panel Scores Estonian Rights Legislation

MM1407154994 Moscow PRAVDA in Russian 14 Jul 94 p 2

[Report by Besik Pipiya: "Estonia Reminded of Human Rights"]

[Text] St. Petersburg—A session of the Standing Commission on Foreign Policy Questions has been held under the leadership of V. Podoprigora in the Interparliamentary Assembly of CIS Member States, which is housed in the Taurida Palace. The commission issued a special statement in connection with the violation of the rights of the non-Estonian population in Estonia. As is known, approximately one-third of the republic's population belongs, in terms of ethnic composition, to the peoples of the former union republics.

Legislative acts of the Estonian Republic are extant on citizenship, on language, on elections to organs of local self-management, on schools and high schools, and on aliens. The statement emphasizes that valid recommendations by authoritative international experts of the CSCE and the Council of Europe and other states' experience were not taken fully into account when adopting them.

The statement voices hope that deputies of the State Assembly of the Estonian Republic will heed the opinion of authoritative experts from Europe and the world community and will make changes and elaborations to legislation with a view to realizing the rights of all the country's inhabitants.

ITAR-TASS Carries Press Review for 15 Jul

LD1507062094 Moscow ITAR-TASS in English 0544 GMT 15 Jul 94

["Press Review"—ITAR-TASS headline]

[Text] Moscow, July 15 (TASS)—Today's issue of the newspaper ROSSIYSKIYE VESTI is devoted to a broad session of the Russian Government which opens in the Kremlin today. The newspaper carries an interview with chief of staff of the Russian Government, Vladimir Kvasov. He pointed out that the package of economic decrees issued by the Russian President Boris Yeltsin had given a new impetus to the development of economic reforms in the country and that the government had established a tough system of control over the implementation of decisions adopted by the Russian

president and the government. According to Kvasov, "information about unfulfilled tasks is submitted every day." All these measures have enabled "to considerably improve the discipline of implementing decisions in the first half of the year," the newspaper quoted Kvasov as saying.

Vice-Premier Aleksandr Shokhin expressed serious concern about the tendency of production decline. However, in an interview with the newspaper shokhin said that he does not believe that the situation in this sphere is hopeless. "I would like to say that the process of production decline is characteristic not of Russia only. This is a universal situation for all countries which embarked on the way of transitional economy," Shokhin said. Measures taken by the government are expected to yield positive results by the end of the year, Shokhin said.

Chairman of the Duma committee for economic policies, Sergey Glazyev, strongly criticised the Cabinet of Ministers, saying that it practically refused to follow the president's course aimed at enhancing state regulation of the economy. However, head of the analytical centre under the Russian president, Yevgeniy Yasin, denied Glazyev's statement, saying that he sees no discrepancies between the president's and the government's course.

The KRASNAYA ZVEZDA daily draws attention to the critical situation in financing the Russian Armed Forces. In this connection, the newspaper carries an interview with the secretary of the committee for the budget, taxation, banks and finances of the State Duma, Colonel Aleksandr Zaytsev. Despite the fact that Boris Yeltsin had signed a decree on federal budget for 1994, the Russian Finance Ministry continues to finance the Defence Ministry, "stemming not from the endorsed 40.6 trillion roubles, but allocating much lower amounts which do not meet even the minimum demands of the army," Zaytsev said.

An article entitled "The Rich Are Getting Richer and the Poor Are Impoverished" the NEZAVISIMAYA GAZETA published data released by the All-Russia Centre for Studies of the Living Standards under the Russian Ministry of Labour, which show that the purchasing power of the population has been recently increasing at the expense well-off and highly paid strata of the population with the simultaneous swift decline in the purchasing power among low-income people.

An article by the prominent statesman Yevgeniy Shaposhnikov entitled "What Stands in the Way of Russia Today" traces the history of the development of this country since 1917. It was pointed out that neither American, nor Japanese, Swedish or any other way of life would ever be acceptable in Russia in their pure forms. "We have our own values, our own ideals and customs," the article says.

The RABOCHAYA TRIBUNA carried an abridged testimony given by the former Soviet President Mikhail Gorbachev at a session of the Supreme Court on July 7, 1994. The newspaper highlights Gorbachev's statement, saying that "without the August 1991 coup d' etat no one could have brought about the collapse of the former Soviet Union." The newspaper says that it is high time to assess everyone's "contribution" to the disintegration of the former Soviet Union. "It is not the thirst for blood that prompts us to do this, but quite a different feeling: Our life will be better only after we restore our comprehensive ties, which our ancestors had been strengthening for centuries, and develop them on a new basis," the newspaper said.

PRAVDA carries an interview with the president of the Russian Industrial Union Arkadiy Volskiy, who voiced the idea that "it was not the Soviet Union which disintegrated in 1991, but Russia, which had been built and fostered for centuries." Volskiy comes out for the creation of a reliable economic union in the framework of the CIS as the first step towards the revival of the union of fraternal people.

Welcoming the results of presidential elections in Ukraine and Belarus, the KRASNAYA ZVEZDA daily writes that Leonid Kuchma and Aleksandr Lukashenko promised "to bring back the times when the military were treated with respect." judging by statements made by both presidents, they are inclined to develop closer cooperation with Russia, relations of good partnership both in politics and the economy, which, naturally, presupposes another approach to military cooperation.

The KOMSOMOLSKAYA PRAVDA carries an article entitled "Is It Possible To Live by Russia's Side and Be Independent of It," this is a good task both for Kuchma and Lukashenko, the newspaper said. Commenting on the results of presidential elections in Ukraine and Belarus, the KOMSOMOLSKAYA PRAVDA approved of the programme put forward by Leonid Kuchma and criticized Aleksandr Lukashenko's programme who "has promised to do away with corruption, mafia, organised crime in no time at all and recompense for the population's savings..."

Foreign Ministry To React to U.S. Senate Decision

WS1407140994 Tallinn BNS in English 1321 GMT 14 Jul 94

[Excerpts] Moscow, 14 July, BNS—The Russian Foreign Ministry is planning to react to the U.S. Senate's decision on linking U.S. aid for Russia with 31 August deadline for Russian troop withdrawal from Estonia and Latvia.

Russian diplomat in charge of the Baltic affairs, Aleksandr Udaltsov, told BNS on Thursday [14 July] that the Ministry of Foreign Affairs "takes seriously" the Senate's decision and "will react in maybe an official way" to the move. [passage omitted]

The U.S. Senate voted Wednesday to require all Russian troops to leave the Baltic nations by 31 August before Russia can get U.S. aid.

Zotov Calls Resolution 'Irresponsible'

LD1407141594 Moscow INTERFAX in English 1339 GMT 14 Jul 94

[Text] Russian envoy Sergey Zotov has described as irresponsible and unconstructive the latest resolution by U.S. Congress linking economic aid to Moscow with Russian pullout from the Baltic states by the deadline of August 31. "This will only serve to heighten tension in the region," said Zotov who is also a presidential representative for the ratification of military agreements with Latvia in the Russian parliament.

He said the U.S. resolution approved overnight could be damaging to bilateral relations, and he pointed to the understanding reached between Yeltsin and Clinton at Naples that the complete withdrawal of Russian troops must come at the end of the negotiating process.

"This is the best gift the regional hardliners could possibly think of at a time when discussion is in full swing in the State Duma on issues linked to the ratification of the military package with Latvia," he said.

Zotov said the U.S. move could be gauged as nothing short of direct approval of the discriminatory policies that Latvia and Estonia were pursuing against the Russian communities there. He said it also gave support to Tallinn's tough stand on the status of retired Russian servicemen residing in Estonia.

Bakhmin: Troop Withdrawal by 31 Aug 'Hardly Feasible'

LD1507083094 Moscow 2x2 Television in Russian 0630 GMT 15 Jul 94

[Text] Russia is not casting doubt on the fact that its troops will be withdrawn from Estonia, but it is hardly feasible to carry out the withdrawal by 31 August. This view was expressed in a conversation with journalists by Vyacheslav Bakhmin, director of the Russian Foreign Ministry's department for international humanitarian and cultural cooperation.

According to him, the precise timetable for the troop withdrawal can only be determined by a bilateral agreement providing for the solution of such problems as the rights of military pensioners in Estonia.

Senate Vote To Block Aid to Russia Devalues Naples Promises

MM1407153194 Moscow IZVESTIYA in Russian 15 Jul 94 p 1

[Report by Aleksandr Shalnev: "Russia Reprimanded. Senate Challenges Clinton, Blocking Aid to Moscow"]

[Text] Just one word said by Boris Yeltsin at Naples—the word "No!" in response to a question about whether Russian troops would be withdrawn from Estonia by 31 August—has already had repercussions in Washington.

The U.S. Senate has voted by a majority of 89 to eight to adopt a resolution blocking economic aid to Russia if troops are not withdrawn from the Baltic within the previously stipulated timetable. The resolution was couched in the form of an amendment to a bill on promoting reform in Russia and other former Union countries, and is therefore binding in nature.

According to Republican Senator Mitch McConnell, the author of the amendment, the "concern voiced by Russia's neighbors about their security merits a proper response on our part."

Admittedly, there are a few "buts." First, a similar resolution still has to be passed by the lower house. If this happens, and the amendment, passing through the White House, becomes law, aid would be blocked immediately after 31 August. Second, the Senate excluded from the embargo humanitarian aid and aid earmarked for building housing for the Russian servicemen leaving the Baltic. Third, in the event of President William Clinton believing that this embargo would run counter to U.S. national security interests and his sending corresponding notification to Congress, aid could be resumed.

One way or another, the Senate's adoption of this resolution quite clearly shows the nature of the sentiments prevailing on Capitol Hill, where the good personal relationship established between the Russian and American presidents and reaffirmed in Naples, along with Clinton's ceremonial declarations on achieving the lifting of any restrictions on economic, financial, and trade links with Russia, are taken, as people in America say in such cases, "with a large pinch of salt"—in other words, with doubts and skepticism.

Congress can be said to have its own agenda and its own list of priorities in developing relations with Russia—and these priorities differ in certain key aspects from

those of the White House. Sanctions motivated by political considerations and a policy of linkages remain in the arsenal of U.S. statesmen, who use these methods selectively and keenly.

The fact that the Senate has passed such a resolution cannot fail to make us wonder how realistic are the promises which Clinton made this time in Naples (as he did over a year ago in Vancouver)—promises to secure equal economic and trading status for Russia. The lifting of the restrictions that have existed since the cold war can be done only via Congress and with its full agreement. What guarantee is there, given the certain leanings of U.S. lawmakers, that Clinton's Naples promises will, like those in Vancouver, not be kept? In that event, the euphoria generated by Russia's joining the G-7 political club will prove to have been premature.

U.S. Expert on Russian Approach to Peacekeeping

MM1407125994 Moscow KRASNAYA ZVEZDA in Russian 13 Jul 94 p 2

[Report by Major Vasiliy Panchenkov: "American Lesson in Peacekeeping"]

[Text] Moscow—During his recent visit to Moscow, Timothy Thomas, director of the U.S. Military Academy's Center for Foreign Military Studies, addressed officers of the Russian MVD [Ministry of Internal Affairs] Internal Troops Commander's Main Administration on the topic: "Crisis Management in Conflict Situations and Peacekeeping Functions." Commenting on documents adopted in the United States, he said that the basis used is the so-called Weinberger doctrine—officially adopted by the U.S. Defense Department—under which U.S. military subunits can be sent to an armed conflict in other countries if this is in line with U.S. national interests, if the political will to take such a step exists, if public opinion in the country has been prepared for it, and if a mechanism for withdrawing the troops has been thought out. "Your logic for using the Armed Forces is similar to the American view, except that, unlike us, you believe that it is necessary to have the agreement of the warring factions in order to send the troops in," Timothy Thomas noted.

Rutskoy Rejects 'Pro-American Policy,' NATO

BR1407145094 Rome L'ESPRESSO in Italian 15 Jul 94 pp 76-77

[Interview with former Vice President Aleksandr Rutskoy by Matteo De Bonis in Moscow; date not given: "I Will Defeat Boris and Reconstruct the USSR"]

[Excerpt] [passage omitted] [De Bonis] Aleksandr Vladimirovich, how would you rather be addressed: "Comrade," "Mister," or in some other way?

[Rutskoy] The word "comrade" makes no sense any more. "Mister" was used before the revolution, in the sense of "master." I was never a master in this sense, and do not intend to become one. Address me the Russian way, by using my first name and patronymic.

[De Bonis] So, Aleksandr Vladimirovich, what does democracy mean for you?

[Rutskoy] For me democracy is everyone's right to be equal before the law: from the president down to the last peasant.

[De Bonis] Do you have democracy today in Russia?

[Rutskoy] No. Today, as in the past, power and the law are in the hands of a few. Let me give you an example. My telephone is being tapped, they listen to everything I say. Is this democracy? In the street, there is always a KGB car following me as soon as I stick my nose out. I have been waiting for my passport for the past two months, but they will not give me one, and nobody is assuming responsibility for telling me why not.

[De Bonis] Who is Aleksandr Rutskoy today?

[Rutskoy] I am an ordinary citizen and, moreover, an unemployed one, given that I have been dismissed from the Army and deprived of my pension.

[De Bonis] However, you want to become president. What for?

[Rutskoy] Look here, for someone to become president he must first win the elections. However, if I am elected, I will certainly not change my ideas and I will continue to fight for the country to develop democratically.

[De Bonis] You fought in Afghanistan. Do you still feel like a communist hero?

[Rutskoy] I am not a communist hero, but a hero of the Soviet Union. My country granted me the highest rank that can be given to a member of the Army—and a member of the Army serves his fatherland and his people irrespective of his own political beliefs.

[De Bonis] The great writer Alexander Solzhenitsyn is currently traveling through Siberia on his way back to Moscow...

[Rutskoy] I consider Solzhenitsyn a very wise person with a great deal of experience of life, but I do not share some of his ideas. Solzhenitsyn believes that Russians were mistaken in wanting to build a great empire. I disagree because it is apparent from looking at our country's geopolitical situation that Russia represents the only bridge between Asia and Europe. Whoever becomes the master of this space will become the master of the entire world. This is why Russia must continue to be a great power.

[De Bonis] You are speaking like [nationalist leader] Zhirinovskiy...

[Rutskoy] I am used to judge things from facts, not words. Zhirinovskiy is a patriot, and this is important.

[De Bonis] If you had been the president, would you ever have signed the agreement between Russia and NATO?

[Rutskoy] Never! It is a humiliating agreement. The "Partnership for Peace" program is nothing but a means of making Russia submit to America's will. De Gaulle said that "the world's axis is a sword, and all depends on who wields it." Only one bloc and one superpower exist today. And we are subservient to it. This agreement is a national betrayal.

[De Bonis] What do you think of Russia's participation in the Naples G-7 meeting?

[Rutskoy] There is a term in Russian, "shestjorka," which means bootlicker, that is, someone who is always ready to obey. This was Russia's role in Naples.

[De Bonis] Why?

[Rutskoy] Our economy is destroyed, both industry and agriculture are in shambles. We are in a chaotic situation, in a state of utter instability, and we have therefore become easy prey for anybody. The G-7 countries have no intention of making Russia into an ally. They will only try to exploit our resources.

[De Bonis] If you were Russia's president, in what ways would you act differently?

[Rutskoy] I would have never followed such a blatantly pro- American policy. Our duty is to pay the utmost attention to all our partners equally. I find it would make more sense to direct our efforts toward Asian and European countries—countries which are close to us, not far away, across the ocean.

[De Bonis] General Rutskoy, what state is your Army in?

[Rutskoy] Our Armed Forces are in very poor condition. With the collapse of the Warsaw Pact, we have lost many important armies as well as our first two strategic defense lines, including both the one in the European countries which were formerly our allies, and the second one, which remains in Ukraine and Belarus. Our aerial defenses are also facing serious problems, and the same applies to our fleet. Russia no longer has the most powerful Army in the world, everybody knows this. The bogeyman of a Russia ever ready to invade other countries, used by some people in the West, is just a piece of demagogy.

[De Bonis] Aleksandr Vladimirovich, will tanks once again be seen in Moscow's streets?

[Rutskoy] It cannot be ruled out. The crime perpetrated in October 1992 was abetted by all the leaders of the Western countries. Clinton, [German Chancellor] Kohl, and [French President] Mitterrand are not naive people. If they have supported a regime which shelled parliament, they did so in order to destroy Russia, as they previously destroyed the Soviet Union. However, you westerners must not think that the people have lost their pride. The Russian people will soon reawaken, with unpredictable consequences.

[De Bonis] Let us return to your plans to become president. Your social-patriotic movement groups the various forms of opposition to President Yeltsin, including communists, czarists, ultranationalists, and monarchists. Would they then be able to live together once in power?

[Rutskoy] My movement is solely and exclusively a patriotic movement, open to all true Russians irrespective of their political beliefs. Since 9 May we have won over more than 350,000 supporters and we are expecting to have 5 million by the end of the year.

[De Bonis] Russian nationalism has always had a racist component in relation to Jews, the Caucasian peoples, and other minorities. What is your position in this respect?

[Rutskoy] To speak of Russian nationalism or racism is a figment of the imagination. There are 136 different nationalities in Russia, and if each one of them aspired to self-government, you can imagine what would happen to our country. I am speaking instead of a single nation for everybody. There is no difference between a Jew and a Bashkir, except in terms of their religious beliefs, that is to say, their culture. It would be disastrous if they went to war in the name of their respective nationalities. If you have Russia at heart, you remain a Russian.

[De Bonis] How will Russia be five years from now?

[Rutskoy] In the present circumstances, we will need 10 years at least to recover. The main thing, however, is to put an end to the present regime as soon as possible.

[De Bonis] Do you know the King of the Castle game? Who would you push off first, Yeltsin or Gorbachev?

[Rutskoy] It is for God and history to judge them. In any case, they have already jumped off of their own accord.

Edict, Commentary on U.S. Housing Aid Plan

MM1407155094 Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 94 First Edition p 4

[Edict No. 1486 of the Russian Federation President "On the Implementation of the Program To Provide Housing for Discharged or Retired Russian Servicemen On the Basis of a Grant (Free Subsidy) From the U.S. Government," dated 8 July 1994, The Kremlin, Moscow, and signed by Russian Federation President B. Yeltsin; plus commentary by Anvar Shamuzafarov, chief of the Russian State Construction Committee Main Administration for Housing Policy]

[Text] In order to implement the accords reached with the United States on carrying out the program of free aid in the provision of housing for discharged or retired Russian servicemen, I rule that:

1. The text of the Agreement Between the Russian Federation Government and the U.S. Government on Providing a Grant (Free Subsidy) for the Program To Provide Housing for Discharged or Retired Russiam Servicemen is to be approved.

The Russian Federation Government is to finalize the aforementioned Agreement and sign it.

2. Bearing in mind the humanitarian nature of the aid that is to be provided, it is to be laid down that the equipment, materials, goods, and other property (hereinafter, goods) to be provided or used in accordance with the program to provide housing for discharged or retired Russian servicemen on the basis of a grant (free subsidy) from the U.S. government (hereinafter, U.S. free aid program) will be housed under special customs rules.

Under the aforementioned special customs rules, the goods will be imported into the Russian Federation customs area and exported from it without attracting customs duties or other charges and taxes that are chargeable under Russian Federation legislation in the case of imports into the Russian Federation customs area or exports from it.

3. It is to be laid down that in the event of the use of goods imported under the special customs rules for purposes not connected with the U.S. free aid program, the goods will be regarded as having been put into free circulation and the customs duties or other charges and taxes chargeable under Russian Federation legislation in the case of imports into the Russian Federation customs area and exports from it will be payable in full into the federal budget.

The aforementioned procedure does not apply to cases where goods are destroyed or lost as a result of accidents or force majeure.

4. The Russian Federation Government has one month:

To determine the procedure for housing the goods mentioned in point 2 of this edict, under special customs rules;

to adopt measures to ensure monitoring of the intended use of goods imported under the special customs rules;

to adopt measures to prevent foreign participants of the U.S. free aid program, in accordance with Russian Federation international agreements, from being taxed twice;

to provide on the basis of federal budget funds and funds from the budgets of components of the Russian Federation finance for the construction of the main infrastructure required for the construction of housing under the U.S. free aid program.

5. It is to be laid down that the movement of aircraft in Russian Federation airspace and ships in Russian Federation territorial and internal waters connected with the U.S. free aid program is exempt from airport and port taxes, duties, and other payments laid down by Russian Federation legislation.

6. Organs of state power in the components of the Russian Federation and organs of local self-government are recommended to exempt U.S. free aid program participants from the payment of taxes and charges and also to assist them in implementing the program.

7. This edict enters into effect the moment it is signed.

Russian Federation President B. Yeltsin.
The Kremlin, Moscow, 8 July 1994.

Anwar Shamuzafarov, chief of the Russian State Construction Committee Main Administration for Housing Policy, comments:

In accordance with the agreement between the Russian Federation President and the U.S. President, concluded at the meeting in Vancouver in April 1993, and the decisions by the heads of the "G-7" states in July 1993 in Tokyo, the U.S. government has decided to finance the construction of 5,000 units of housing (apartments or one-family houses) for Russian servicemen demobilized mainly from the Baltic states.

The intention is to allocate $160 million. The plan is to construct 2,500 apartments or houses and to finance the remaining 2,500 apartments through housing certificates to be issued to the housing recipients.

The agreement between the Russian Federation Government and the U.S. government on providing a grant (which means a "free subsidy") for the construction program is set for signing this July-August.

The housing certificates program is intended for demobilized servicemen. They will be issued not with money but with certificates in order to conclude housing purchase transactions or invest in new construction. This will enable servicemen to resolve their housing problem for themselves. The project also provides an opportunity to use mortgage finance as a means of supplementing the certificates program in order to acquire more expensive housing.

The housing certificates that are issued will have a fixed value in U.S. dollars, but payment will be in rubles, and the amount will vary depending on the city the serviceman has chosen, the size of his family, and his right to extra space.

The value of the housing and the validity of the transaction will be checked, and on completion of the transaction the builder will receive an amount equivalent to the value of the certificate.

There can be variations on this master plan, such as phased payments and other accords.

On the U.S. side the implementation of the housing construction program will be supervised by the U.S.

International Development Association. The Russian Federation Government has directed an interdepartmental commission headed by Yefim Basin, chairman of the Russian State Construction Committee, to coordinate activities. The commission also includes representatives of the Finance Ministry, Economy Ministry, Defense Ministry, Central Bank, and other interested Russian ministries and departments.

The administrations of a number of Russian regions and cities have confirmed that they are willing to tender for the construction of housing for this category of citizens and allocate plots of land provided with utilities and amenities. More than 30 regions have offered around 200 sites for the construction of apartment blocks and cottages and 142 have been selected. The program's main contractor and the subcontractors are currently being identified on a competitive basis.

The U.S. International Development Association and Russian State Construction Committee have held conferences with potential contractors and have explained the rules of competition. According to the program schedule, the competition results are to be decided in July-August 1994 and contracts concluded in August. Construction is planned to end in September 1996.

On the U.S. side's insistence, Russia will bear the cost of the provision of utilities for the construction sites.

PRAVDA Sees Clinton Berlin Speech as Unremarkable

MM1407154394 Moscow PRAVDA in Russian 14 Jul 94 p 3

[Report by Aleksandr Stepanov: "Speeches at the Brandenburg Gate. Bill Clinton's Visit to Berlin"]

[Text] Berlin, 13 Jul—Bill Clinton is the fifth U.S. president to visit Berlin during the half-century since the war. He is the first to have walked in the eastern part of the city, which is no longer divided by a wall. Unless you count Ronald Reagan, who in 1982 drove right up to the white line marking the border proper between West Berlin and the capital of the German Democratic Republic and timidly placed his foot on the contiguous territory. And at once removed it.

The historic example for Clinton, however, was not the "brave" demarche of Reagan, who risked nothing, but undoubtedly the visit by the pioneer—John Kennedy, who visited the city in 1963, when the scar of the wall was smarting particularly painfully. It was then that he promised the "islanders" full support and even counted himself among them, saying in German: "I am a Berliner."

There were even more German phrases in Clinton's speech, which the U.S. press and television had hastened in advance to call "historic." "America is on your side. Now and forever. Nothing will stop us. Everything is possible. Berlin is free"—the President expounded all this with genuine enthusiasm. But I detected nothing historic in his speech. Nor, incidentally, did the German TV journalists, who were prevented by deferential hospitality from emphasizing the point.

No, Clinton clearly did not match up to Kennedy, who will retain priority. It is not just that more than 400,000 city folk gathered to listen to Kennedy, while approximately 25,000 turned out for Clinton. Unless you count the fact that the President spoke for the first time facing the East, and not the West, nothing epoch-making was said in his speech. The statement of the present and future partnership between the United States and the FRG and the compliments to Germany for the role which it plays in present-day Europe were entirely expected.

Chancellor Kohl also spoke of the close ties linking these two countries and of the fact that German-U.S. friendship is the sound foundation on which it is possible boldly to build the future and together "strengthen freedom, democracy, and the principles of a rule-of-law state" in the countries of Central, East, and South Europe.

In general, both speakers were very content. I cannot say what gladdened Clinton, but I believe that Kohl has already mentally inscribed the delivery of the speeches at the Brandenburg Gate in the register of his successful election campaign actions. October is not far off....

Agenda for Yeltsin's U.S. Visit Previewed

MM1407134194 Moscow KRASNAYA ZVEZDA in Russian 13 Jul 94 p 3

[Report by Mikhail Pogorelyy: "...Ahead Lies Washington"]

[Text] All aspects of the Naples summit of the leaders of the main industrial powers have not yet been analyzed, the fact that the "G-7" has turned into the "G-8" (at least in terms of politics) has not been entirely taken on board, but a new landmark on the road toward Russia's integration into world politics and the world economy already lies ahead. This is the official visit to the United States by Russian Federation President Boris Yeltsin, to be held 27-28 September. The two heads of state stated this following bilateral talks during the Naples summit.

What might be discussed in Washington in September? The leaders of our countries will probably analyze the situations on which there is no unity of views, try to harmonize fundamentally coincident positions, and give new impetus to processes which are developing relatively successfully. Judging by his preliminary statements, President Yeltsin intends to get back to shaping a normal basis for economic ties between Russia and the United States, and to upholding the idea of equality between the two countries in this sphere. There will also be talk about

lifting—once and for all—all the restrictions on technology transfer that were originally brought in by the Coordinating Committee for Multilateral Export Controls.

It is clear from Bill Clinton's statements that he intends to strive to ensure that a final line is drawn under the "bitter legacy of World War II." It will be a question of completing the withdrawal of Russian troops from the Baltic, of the difficulties arising in the course of this process, and, particularly, the difficulties once the withdrawal is complete. First and foremost, there is the problem of the rights of the Russian population in these republics—specifically, former Soviet and Russian Army servicemen. Moreover, they will discuss financial assistance in dismantling the Skrunda air defense radar (the United States is prepared to help out to the tune of $4 million) and in restoring the environmental balance at the Paldiski Naval Base (another $2 million). And, finally, participation in building housing for servicemen returning to Russia.

The presidents of Russia and the United States will also exchange opinions on assistance on the question of world and European security and peacekeeping in "hot" regions and spots, as well as on the prospects for "Partnership for Peace."

Russia Delimits Borders With Former USSR Republics

LD1407141394 Moscow INTERFAX in English 1339 GMT 14 Jul 94

[Text] Russia is to delimit and demarcate its borders shortly to safeguard them in line with a decision adopted by the Russian president's Security Council on Wednesday.

Reporting this to Interfax Thursday, the Federal Geodesy and Cartography Service's Chief Nikolay Zhdanov explained that the border of Russia as the USSR's heir is currently valid only in regard to Norway, Finland, Poland, Mongolia, and North Korea.

Russia, in his words, is currently negotiating with the Baltic and Caucasian republics and Belarus on the exact location of the border line, which still remains within the framework of the administrative and territorial division of the former USSR.

He noted that of these countries only Estonia claimed Russia's lands in the Leningrad and Pskov regions and described talks with it as deadlocked.

He said that border talks with Kazakhstan, Moldova, and Ukraine had not started yet since none of them have so far selected negotiating teams.

According to him, the federal service will complete the delimitation of borders on maps only after negotiations with all these countries except Estonia. It will then get down to demarcating the frontiers: setting up border posts, planting forests, taking photographs from aircraft, and creating cartographic material for parliament to endorse and then it will be passed on to the UN.

Stepashin: Rigid Borders With Baltic States Necessary

LD1307212694 Moscow Radio Moscow in Russian to Tajikistan 1600 GMT 13 Jul 94

[From the "Slavyanka" program of the Russian Defense Ministry]

[Text] The Russian Security Council discussed in Moscow today the problem of protecting the interests of the state at its borders. Sergey Stepashin, head of the Federal Counterintelligence Service, addressed the council. He believes there is no sense in rushing to set up rigid borders between Russia and Ukraine, or Belarus and Kazakhstan. Stepashin believes these states will eventually reach a true economic cooperation. However, he is of the opinion that rigid borders with full protection are necessary for the Baltic states.

Lysenko Sees 'Definite' Return of Baltics

WS1507074594 Riga NEATKARIGA CINA in Latvian 29 Jun 94

[Interview with Nikolay Lysenko (NL), member of the Russian Duma and chairman of the executive committee of the Russian National Republican Party, by Latvian Radio correspondent Judite Cunka (JC); place and date not given—passages within quotation marks were received via Internet BALT-L, in English]

[Text] "Presently in Russia, on the eve of the presidential elections, radical nationalist ideas are appearing in the political arena. It is no longer a game of empty bluster. One speaks of Russia as a great nation and the fundamental nation of Eurasia—both the leader of the Liberal Democrats Vladimir Zhirinovskiy and the former Vice President Aleksandr Rutskoy, both the Communist leader Gennadiy Zyuganov and the Russian fascists Aleksandr Bakashov and Eduard Limonov.

"These ideas are shared by the Russian National Republican Party, which is part of the radical nationalist wing. A misfortune for Russia's radical nationalists is that there are diverging opinions on the possibilities for national rebirth. The leaders of individual organizations also have great ambitions. For instance, at a nationalistic fascist meeting Limonov accused Zyuganov of betraying the nation's interests, and Zhirinovskiy of being totally lazy, because instead of political struggle, he organizes banquets. The Russian National Republican Party's leader Nikolay Lysenko has been elected a deputy of the State Duma.

You can examine the executive committee chairman's ideas for yourself. These are ideas that are becoming part of Russia's domestic and foreign policy in a very real sense."

NL: I represent the Russian National Republican Party. It is a party which defends the national interests of Russia. It wishes for Russia to be a national state. Naturally, our policies toward those states that were created after the disintegration of the USSR—and especially those states, where Russians are oppressed—is very severe. We are for complete equality in all spheres of life for Russians, who are, for the moment, outside Russia.

JC: How should we understand the concept "for the moment"?

NL: There is the objective path of history and reality. The USSR, which was built on the oppression of the Russian nation. And now the Russians are awakening. Many believe that Russia has ceased to exist as a great power, but many more believe as I, that the great Russian state has just started to blossom. If Greater Russia is a national state, then the question of our fellow citizens abroad will take care of itself. Russia must regain its citizens, and its territories, which the Russians through long wars have taken from the European states.

JC: Which territories will be made mononationally Russian?

NL: The new Russia will certainly include the, for Russians, strategically important Baltic territories. That is definite.

JC: All of the Baltics?

NL: I don't think the whole Baltic area is necessary. We have to reach a cooperation agreement with Lithuania. Lithuania is a traditional state, they are a great people. We understand the interests of the Lithuanians. But with Latvia and Estonia it is different. That is because, in history, there are no such states as Latvia and Estonia. And I, as the representative of a great power that is experiencing difficulty, can with certainty announce, that Russia will definitely return to the Baltics. Not for nothing did the Russians struggle to conquer these lands. I have great respect for some Latvians and Estonians. They are cultured peoples—this I understand, but these people have never had the historical right to form national states. And I deny these rights. Russia fought with Germany and Sweden over the Baltics, and we, the Russians, shall discuss the matter of Baltic lands with these states. Never with the Latvians and Estonians. That is our position. When we have regained these lands, we probably won't begrudge what the Latvians and Estonians are doing to the Russians these days. But our people will not forget the genocide being committed by Latvians and Estonians. It is somewhat better with the Lithuanians. But in Latvia and Estonia, until such a time, when Russia bangs its fist on the table, the Russians will be ethnic slaves. And as soon as the political situation changes here in Russia, we will never permit such a condition to become permanent.

JC: What do you mean by domestic changes in Russia?

NL: I think that the crisis will reach its culmination in the fall, after which the Russians will return to the true, great power policies. We Russians should not be afraid of this word. Yes, we are noble, and have not built our great nation on the basis of repression. Otherwise there wouldn't be a single Latvian or Estonian alive in the Baltics. If we had wanted to, the power of Russia's intelligence, technology, and sheer physical mass would have swept the Latvians and Estonians from the face of the earth. But we didn't do so. We made it possible for nations of milkmaids, serfs, and shoemakers to gain intelligent status. We brought the Latvians and Estonians closer to Russian and German culture. And now we see their ambitions to create their own states, not taking into account our interests. Do they truly think that we will instantly forget that the real name of Daugavpils is Dvinsk, and that there is no River Daugava, just the Dvina. Therefore, it is clear to me and many other politicians and members of the Russian intelligentsia that as soon as there are changes in Russia, the Baltic question will be resolved without delay. We can depart and we can return. Rome has lost many battles, but never the war. The Baltics have forgotten this.

JC: Does your party have support in the Baltics?

NL: Presently, we are getting in touch with the Baltic Russians, for we understand the genocidal police state that rules there. I don't think that in the present situation, the Baltic Russians would be capable of supporting us. We shall simply return. And then we will help our brothers.

JC: How many members does your party have?

NL: Around 35,000. I have around 16 sympathizers in the State Duma. In the next elections, our position will be strengthened. We have good relations with the Liberal Democratic Party, which is headed by Zhirinovskiy, as well as with the Communists. I don't think this kind of cooperation is shameful. They seem like perfectly normal parties to me.

JC: Getting back to the idea of Greater Russia. Besides the Baltics, what other nations would you want to include in it?

NL: The Ukraine, Belarus, the north of Kazakhstan, the north of Kyrgyzstan. These are strategically significant territories. In these countries they will sooner or later understand that it is best to merge with Russia. But, if Latvians and Estonians won't understand that they should join Russia on their own, it will be necessary to convince them with the same means as have been used before

JC: By what means?

NL: By those used by Josif Vissaronovic Stalin. I like his policies toward the Baltics very much. And I don't hide it.

"So speak Russian statesmen. We must know that. The Russians in Russia are being prepared for this kind of

aggression. Such too, are their views of the life of Russians in Latvia and Estonia. Perhaps the Baltic States information center in Moscow is working badly, probably our little states have to put our heads together again and again."

Chernomyrdin Latvia Visit Deemed Inappropriate

LD1407181494 Moscow ITAR-TASS in English 1623 GMT 14 Jul 94

[By ITAR-TASS diplomatic correspondents Aleksandr Krylovich and Vladimir Suprun]

[Text] Moscow July 14 TASS—A Russian Foreign Ministry official expressed doubts that it would be possible for Premier Viktor Chernomyrdin to visit Latvia soon.

Vyacheslav Bakhmin, director of the Foreign Ministry (MID) Department of Humanitarian and Cultural Cooperation, told a briefing on Thursday that much would depend on how the situation developed in Latvia. "If things get more confrontational, then I do not think that a visit will be appropriate in the near future. Most likely, it will have to be postponed".

According to Bakhmin, the approximate timetable for Chernomyrdin's visit was set during the "breakthrough" in Russian- Latvian relations, "when it seemed that the serious obstacles to cooperation had been removed". Now "new difficulties have arisen, and it is not at all our fault", the Russian diplomat said.

Commenting on the situation in the Baltic countries, in particular in Latvia and Estonia, the MID official reported that those two states now have a "civilized method of suppressing our countrymen". He said that such a mechanism had been formed by the legislation, the real activity of state bodies of power, the connivance of the authorities in human rights violations, and the creation of a hostile psychological atmosphere by the mass media and officials.

Bakhmin maintained that such behavior was forcing an increasing number of non-native peoples to quit the Baltic countries. As of July 1 of this year, 40 thousand former Latvian residents, 15 thousand former Lithuanian residents, and 42 thousand former Estonian residents had adopted Russian citizenship, the Foreign Ministry representative reported.

Duma Denounces 'Discrimination' Against Russians in Latvia

LD1507080194 Moscow ITAR-TASS in English 0635 GMT 15 Jul 94

[By ITAR-TASS correspondent Boris Sitnikov]

[Text] United Nations July 15 TASS—A resolution adopted by the Latvian parliament to deprive the Russian-speaking population of citizenship is fraught with grave consequences. Therefore, further development of Russo-Latvian relations will be closely connected with the restoration of the rights of the Russian-speaking population in Latvia, says a statement by the Russian State Duma, which was circulated in the United Nations on Thursday as an official document of the U.N. General Assembly.

"The State Duma of the Federal Assembly of the Russian Federation expresses serious concern about the law on citizenship adopted by the Seim [Saeima] of Latvia. The law, concerning the fate of hundreds of thousands people, contains a number of clauses unacceptable for civilized countries, which directly infringe on the rights of ethnic minorities and primarily, the Russian-speaking population of Latvia," the statement said.

It was pointed out that "the arbitrary denial of citizenship to over one third of Latvian residents is another evidence of the continuing policy of ousting residents of "unwanted" nationalities from Latvia."

"Taking into account the decision adopted by the Latvian president to return the law on citizenship to the Latvian parliament for re-examination, the State Duma called on Latvian lawmakers to give up the policy of discrimination. It is high time now to return to proposals calling to grant the right to Latvian citizenship to all permanent residents on the basis of free choice and handing in applications in the period of time which might be stipulated by the law on citizenship. Such a decision would fully conform to the letter and spirit of modern norms of international law and aspirations of the people who connected their fate with Latvia," the State Duma said.

"The activities of the State Duma as regards the development of Russo-Latvian relations, including the creation of a legal basis for their development, will be closely connected with the normalization of a legal status of the Russian-speaking population in Latvia and full observance of its political, economic, cultural and social rights," the statement said.

Ministry Spokesman Urges Sanctions on Haitian 'Outrages'

MM1507152194 Moscow IZVESTIYA in Russian 15 Jul 94 p 3

[Report by Mikhail Kozhukhov: "If Americans Invade Haiti, They Will Have To Deal With Sorcerers and Black Magic"]

[Excerpts] Moscow is not ruling out the possibility of a strong-arm solution to the Haiti problem, but Russia will not be among the first to vote for military action against this state.

"The world community cannot tolerate the outrages perpetrated by the military regime in Haiti indefinitely. But we believe that it is necessary to work out sanctions before deciding on a military operation," a highly placed Russian Foreign Ministry staffer said in an interview with IZVESTIYA. But he refused to respond when asked

if Russia would support U.S. military intervention in Haiti, if such intervention were to be undertaken in the near future.

Andrey Kozyrev's department is constantly in touch with the U.S. State Department on an entire range of Latin American problems, including Haiti, the diplomat reported. In his opinion, if something exceptional were to happen there, Moscow will not have to be publicly offended—as was the case in Bosnia, when the decision to bomb Serb positions was made without consulting Russia. This time, it seems, Russia will be warned. [passage omitted]

The myth that Haitian dictators widely resort to magicians' spells is repeated each time that the world remembers about this country. Incidentally, this myth has never been refuted.

Moscow Reportedly To Resume Arms Sales to Iraq, Libya

LD1407225594 Moscow Radio Rossii Network in Russian 1700 GMT 14 Jul 94

[Text] INTERFAX reports that Russia is ready to resume arms deliveries to Iraq and Libya if United Nations sanctions are lifted. INTERFAX obtained its information from a spokesman of the state arms company Rosvooruzheniye . Company experts estimate that since the time that sanctions were imposed Russia has lost up to 16 billion dollars.

Envoy Goes To Damascus for Talks With Syrian Leaders

LD1407175394 Moscow ITAR-TASS World Service in Russian 1725 GMT 14 Jul 94

[Text] Cairo, 14 Jul (ITAR-TASS)—Viktor Posuvalyuk, the Russian president's special envoy to the Middle East, left Tunisia for Damascus today. As has become known here, during his short visit he will discuss with the country's leadership the results of the Middle East multilateral peace talks that Syria is boycotting. According to diplomatic sources, V. Posuvalyuk will try to make Syria join the multilateral talks mediated by the United States and Russia.

V. Posuvalyuk took part in multilateral talks on the Middle East in Tunisia. The talks ended on Wednesday by adopting a decision on setting up a "think tank" that is to submit information on the events of the last decade in the region.

Lifting Embargo on Export of Iraqi Oil Threatened

LD1407171094 Moscow INTERFAX in English 1541 GMT 14 Jul 94

[Text] Lifting the embargo on Iraqi oil exports, imposed by the world community, could lead to the destabilization of the world's market for energy resources, a Russian government expert told the Petroleum Information Agency. He was commenting on the appeal by Baghdad to Moscow asking Russia to push for lifting the economic embargo.

Some sources said that such a request had come from Iraqi Foreign Minister Tariq 'Aziz during his recent non-official visit to Russia. If the economic sanctions imposed by the UN were lifted Baghdad promised to pay off its debt to Moscow for delivery of military and industrial equipment which experts put at $7 billion.

The expert said that the world oil market was in complete balance and none of the traditional sellers intend to pullout of the market. If a new seller appears, he said, this will lead to a decrease in the world prices for oil. This can only be avoided if the volume exported by other oil exporters is reduced, according to industry specialists. "However, it is most unlikely to happen," the expert said.

If the world prices for oil are decreased this will lead to a sharp decrease in Russia's currency revenues (in 1993 Moscow received $8.2833 billion for export of 80 million tonnes of oil) and to a decrease in prices for other raw materials and the final products of the oil-processing, oil- chemical, chemical and textile industries.

The expert said he believed that the decrease in world prices for oil would have a negative impact on Russia's domestic market and would represent a threat to Russian producers. He added that Russia would have to introduce higher taxes and duties once again and thus put a brake on the liberalization of the country's economy in order to prevent possible inflow of cheap goods from abroad.

Lifting the U.N. embargo on export of Iraqi oil will lead to a fall in the price for Russian natural gas in Western Europe, an expert of the Russian Gazprom joint stock company told the Petroleum Information Agency.

He said he believed that the lifting of the sanctions would lead to Iraq expanding its presence on the European market and thus to a decrease in prices for diesel fuel and black oil. Since the price for Russian gas in contracts with Western companies is linked with the price for black oil, more oil flowing into the European market will be followed by a decrease in prices for gas, the expert said.

Zhirinovskiy on Upcoming Duma Deputies Visit to Iraq

LD1407111494 Moscow INTERFAX in English 1009 GMT 14 Jul 94

[Text] Leader of the Liberal Democratic Party of Russia (LDPR) Vladimir Zhirinovskiy met Iraqi Ambassador to Russia Hasan Fahmi Jum'ah in Moscow on Wednesday. They discussed the upcoming visit of a large group of Russian State Duma deputies to Iraq planned for October 1994.

Earlier, the LDPR circulated a statement in the State Duma saying that Zhirinovskiy had told U.S. President Bill Clinton and UN Secretary General Butrus Butrus-Ghali about the upcoming visit to Iraq "in order to prevent any kind of provocations." The statement said Clinton had replied that he would take the appropriate measures in order to ensure the safety for the flight of Russian parliamentarians to Iraq. Zhirinovskiy said the reaction on the part of the UN was likely to be positive too.

During the meeting the LDPR leader and the Iraqi ambassador also discussed the political situation in Russia. In particular, Zhirinovskiy said he believed that the economic situation was still deteriorating despite encouraging statements by politicians. Zhirinovskiy said he believed that the power must be given to a new government composed of those in whom the people had shown confidence during the elections. "The people unanimously voted for the LDPR and its program for making the country healthy," Zhirinovskiy added.

Soskovets To Discuss Arms Supplies During Turkish Visit

LD1407152194 Moscow ITAR-TASS in English 1443 GMT 14 Jul 94

[Report by unidentified ITAR-TASS correspondent]

[Text] Ankara 14 July TASS—During First Deputy prime Minister Oleg Soskovets's visit to Turkey, which is scheduled to take place on 15-21 July, both sides will discuss deliveries of Russian arms and ammunition to Ankara, Turkish Foreign Ministry spokesman Ferhat Ataman said on Wednesday [13 July].

Ataman said Turkey is prepared to, Ataman said, receive Russian weapons as repayment for the 404.3 million U.S. dollar credit provided to the Soviet Union by the export-import bank of Turkey in 1989.

"Supplies of arms from Russia," the Foreign Ministry official said, "will be discussed in this very context." According to a number of Western mass media reports, Turkey had earlier purchased a consignment of armoured troop carriers from Russia.

"We," Ataman said, "also intend to discuss the participation of Turkish firms in the conversion of the Russian defence industry and the exploitation of joint enterprises."

According to Ataman, the Russian vice-premier will be received by Turkish President Suleyman Demirel, Prime Minister Tansu Ciller and Foreign Minister Hikmet Cetin. Oleg Soskovets will take part in the joint Russo-Turkish commission on trade and economic cooperation, a meeting of which will be held in Istanbul with the participation of leading Turkish businessmen, the Turkish official said.

[Moscow ITAR-TASS in English at 1443 GMT on 14 July adds: "Moscow July 14 TASS—By ITAR-TASS diplomatic correspondent Valeriy Litvinenko: The Russian delegation to Turkey, led by Oleg Soskovets, intends to discuss with Turkish officials, not only of arms supplies, the Russian vice-premier's press service told ITAR- TASS. Their agenda will also include discussions of problems of long-term economic cooperation between the two neighbouring countries, including the supplies of Russian energy resources to Turkey. At the request of the Turkish side, the question of laying a pipeline between Russia and Turkey via Georgia will also be considered. Russia intends to help the neighbouring country construct small power plants and a heat and power plant in difficult-to-reach regions of the country.

["The agenda of the talks will include such items as the laying on a direct pipeline by which Russian "black gold" will flow into Turkey and the problem of debt repayment. The Russian delegation also intends to take up different aspects of military-technical cooperation between the two countries, including arms supplies.

["It was emphasised in Soskovets's press service that Russia hopes the cooperation will be of a long-term character."]

Opposition to Turkish Regulations on Straits Passage Cited

MM1507092394 Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 94 First Edition p 6

[Unattributed report: "Dispute Over Bosporus. Ankara Has Tightened Requirements for Passage Through Straits"]

[Text] It will now be much more difficult to pass through the Bosporus and Dardanelles: At the beginning of July Turkey introduced national Regulations for Navigation in the Straits of the Black Sea.

We must immediately make the point that the new regulations are not the whim or machinations of Ankara. Their aim is to make navigation in the straits safer and to avoid disasters in the future like that which happened in March of this year. Then two vessels sailing under the Cypriot flag—a dry-cargo vessel and a tanker loaded with Russian oil—collided in the Bosporus. An oil spillage and fire resulted, and Istanbul, a city of 10 million inhabitants, was put at serious risk.

The new regulations considerably tighten the rules for the passage of ships. Now the Turkish authorities will control their movement in the straits, more or less the same way as traffic is controlled on dry land. Freighters of over 150 meters in length must without fail use the services of Turkish pilots. In the event of the passage of a freighter carrying an explosive cargo, the straits will be closed until the vessel in question has completed its passage. Nuclear-powered ships now have to give details of the safety measures they have taken.

Special checkpoints have been opened on the banks of the Bosporus and Dardanelles which are linked to six control centers. Captains should inform the centers in writing 24 hours before passing through, indicating whether or not they are taking a pilot on board. Those who violate the rules of passage which have been introduced will, naturally, be fined.

The Russian side has handed to the Turkish Embassy in Moscow a memorandum from the Russian Federation Ministry of Foreign Affairs pointing out that the new regulations introduce unjustified restrictions, right up to completely halting shipping, which is in direct contravention of the Convention on Navigation in the Straits.

As the freedom to sail across the Black Sea and through the straits is of the greatest importance to the Russian economy and that of other countries on the Black Sea, Moscow cannot regard as lawful the introduction of what is essentially a system of navigation permits and of unilateral restrictions going as far as actually forbidding passage to certain categories of vessel. The memorandum called on Turkey to refrain at the present juncture from applying those clauses of the regulations which are not in keeping with the universally recognized principles and norms of international maritime law.

In the Meantime....

Turkey's minister of foreign affairs, Hikmet Cetin, stated that the diplomatic notes passed to Turkey by Russia and Greece express a stance held by these countries which has been known from the very outset. Ankara is, therefore, not attaching any particular significance to them. The new regulations are not designed to violate the convention signed in Montreux. Their aim is not to create problems but to eradicate the dangers and difficulties arising when vessels pass through the straits. Unimpeded passage does not imply unmonitored and unregulated movement through the waterway.

True, after his stay in Tbilisi, where a session of the member states of the Black Sea economic cooperation zone's foreign ministers took place, Hikmet Cetin softened his position somewhat and made the assurance that just and lawful objections arising as a result of shortcomings in the implementation of the straits statute will be discussed and examined.

Russian, German Cosmonauts Prepare for Joint Space Flight

LD1507110194 Moscow ITAR-TASS in English 1005 GMT 15 Jul 94

[By ITAR-TASS correspondent Gennadiy Kulbitskiy]

[Text] Cologne July 15 TASS—The training of Russian cosmonauts Aleksandr Viktorenko and Yelena Kondakova and of their German colleague Ulf Merbold is being concluded. The final stage of the training programme is conducted these days. Jorg Fenstel- Bueckel, director of the European Space Agency for manned space flights, said this on Thursday at a news conference at the cosmonauts training centre near Cologne.

The launching is planned for October 3, 1994, and this is, perhaps, the last time the members of the future space crew meet the press before the launching, he said. The work of the international expedition on board the Russian space station "Mir" will last for 30 days. Then the German astronaut will return to the ground while the Russian cosmonauts will remain on board the station.

ITAR-TASS asked crew commander Viktokenko if the Cologne centre can be compared to the Russian cosmonauts training centre in Stellar town. "It is yet difficult to say. Germans have just begun astronauts training in earnest. They draw on Russia's rich experience in the area and use Russian methods. Nobody else spends a year or more in space at present. A wooden full-scale model of "Mir" station has been installed in the German centre. It was manufactured at a pilot plant in Stellar town near Moscow, Viktorenko said.

Dwelling on difficulties of Russian cosmonautics, he pointed to the need to solve the problem of Baykonur cosmodrome. Russian leaders should ponder on its destiny before it disintegrates, Viktorenko said. The situation at the cosmodrome is truly difficult. Young people are leaving. Only veterans remain.

Many questions were put at the news conference to the German astronaut. This will be his third space flight. He made two flights on board U.S. shuttles.

Merbold was asked if he works in harmony with the Russian crew. "I feel quite calm about the new space flight," he said. "It is a challenge to work with Russians. They have a rich experience of long flights. The linguistic barrier posed a certain problem. The pace of work at the Russian spaceship was novelty to me. Americans try to solve a multitude of problems during a few days of the flight. A prolonged flight on board a Russian spaceship offers an oportunity for thorough experiments. One will also have time for rest," he said.

In addition to research programme, the German astronaut will also conduct four medical experiments: He will control the change of his weight in zero gravitation, will check of the state of muscles, will conduct a research of sleep and will measure the level of radiation in space by means of precise instruments. The data recieved will be relayed from "Mir" station also to the Cologne centre to be processed.

German Air Force Aide Views Air Defense Installations

MM1407102594 Moscow KRASNAYA ZVEZDA in Russian 13 Jul 94 p 1

[Report by Aleksandr Ivanov: "German Air Force Inspector Likes Our Missiles and Hospitality"]

[Text] During its visit to the Russian Air Defense Troops the German military delegation headed by Lieutenant General Bernhard Mende, deputy inspector of the German Air Force, met with the command of our Air Defense Troops and students at the Air Defense Military Academy, and visited a combat training and conversion-training center for flight personnel and an air-defense missile regiment near Moscow. The Luftwaffe representatives were given the opportunity to have a flight in modern fighter-interceptors, to engage in mock air-to-air combat with our pilots, and to visit a SAM missile regimental command post and S-300 surface-to-air missile system firing positions.

In conversation with this KRASNAYA ZVEZDA correspondent, Lt. Gen. Bernhard Mende stressed that he was happy with the results of the visit—he had gotten a firsthand impression of the Russian Air Defense Troops. Talking about weapons systems, Mende stressed that their standard is approximately equal in the NATO and Russian armies. He paid great attention to familiarizing himself with the air-to-air missiles, some of which he would like to see in service with NATO units.

During the visit it was repeatedly stressed that such contacts should be expanded, and not only at the level of leading personnel but also between ordinary specialists in the two countries' armies.

Russian Ships End Visit to Netherlands

MM1407103794 Moscow KRASNAYA ZVEZDA in Russian 13 Jul 94 p 1

[Report by ITAR-TASS correspondent Taras Lariokhin: "Dutch Love Russian Sailors"]

[Excerpt] Rotterdam, 12 Jul—The large ASW ship Admiral Kharlamov and a large assault landing craft sailed away from the port of Rotterdam today to the strains of the march "The Slav Girl's Farewell." The official visit to the Netherlands by a detachment of Russian warships has ended. [passage omitted]

PRAVDA on Planned NATO Exercise in Poland

MM1407103394 Moscow PRAVDA in Russian 13 Jun 94 p 7

[Report by correspondent Mikhail Tretyakov: "NATO Knocking on Our Door"]

[Text] Warsaw—No one would have believed it even a few years ago, but the facts are that NATO troop exercises will be held on Polish territory at the end of the summer. The North Atlantic bloc, which has held complete sway in Europe since the disbandment of the Warsaw Pact, is thus gradually approaching our borders.

Is that a good or a bad thing? As before, I think that the present Kremlin ideologues and court propagandists will be able to explain to society that such a configuration of forces in Europe is, clearly, virtually equivalent to saving us from ourselves. And we should feel grateful to Uncle Sam for wanting to point out the true path to us by means of his gu[illegible].

They should be given due credit here: The essential instruments for influencing public opinion are in their hands. You could, of course, agree with that and not object to the presence of NATO forces on our doorstep but for one snag. And that is a pretty plain one. For some reason, throughout our history the country's leaders have sought to secure its borders. Our diplomatic service has also been directed toward that end in order to maintain by various methods a balance of forces in the world and prevent encroachment on state interests.

The Warsaw Pact has been disbanded, and NATO feels great and is consolidating its own position. We are definitively withdrawing our troops from Germany, to our own detriment—there are no apartments for officers' families, and we are leaving behind a huge amount of property whose value comes to hundreds of billions of dollars—while the Americans remain on the banks of the Elbe.

Is this political shortsightedness, misunderstanding of world trends, or plain and simple capitulation? It is difficult to say. Today the North Atlantic bloc is considering expanding its base by incorporating countries which were until quite recently members of the Warsaw Pact.

Poland is perhaps ahead of all its former allies in its desire to join NATO as swiftly as possible. At the North Atlantic Council session in Brussels Poland's deputy national defense minister, Jerzy Milowski, presented a bulky document concerning his country's participation in the Partnership for Peace program. Warsaw does not hide the fact that it regards the program as a step toward joining NATO.

What does the document talk about? It talks about joint NATO exercises on Polish territory, purchases of Western military equipment, in particular, expensive communications systems, including a troop command and control system, the creation of an integrated air defense system, and so forth. In other words, the reequipping of the Polish Army and its inclusion within NATO structures. This will, by all appearances, cost a lot of money. This year alone the as yet still timid steps toward NATO will cost Polish taxpayers $20 million.

But that, so to speak, is not our concern. If you want to join NATO, you have to pay for it. Poland is a sovereign country, and it decides itself whom to conclude military alliances with and which blocs to enter. Unfortunately, I have slipped up here: Actually, only one bloc remains—the NATO bloc.

However, the key question lies elsewhere. NATO is approaching right up to our borders. And that is indicative and gives food for thought. The military balance which guaranteed peace in Europe for decades is being

upset. Appetite comes with the eating, as folk wisdom has it. Why do our politicians not consider this?

INTERFAX 'Exclusive' Interview With Croatia's Valentic

LD1407185994 Moscow INTERFAX in English 1732 GMT 14 Jul 94

["Exclusive" report]

[Text] Much has been written and said about Russia's striving for equitable economic cooperation with the West. However experts focus on Russia's contacts with industrialized European countries, the USA and Japan.

The interview given to Interfax's special correspondent, Boris Grischenko, in Zagreb recently by Croatia's Prime Minister, NIKICA VALENTIC, evidences the prospects for ties between Russia and countries of the so-called smaller Europe.

Q. Mr. Prime Minister, I would be grateful for a brief analysis of Croatia's economy at the current stage of the country's development.

A. Croatia withdrew from a war only recently. Its economy cannot but reflect the specificity of this circumstance. Here's a characteristic example: There was no military production in the territory of our country - a former Yugoslav republic - and we had to build it.

Q. While most countries convert their military plants into producers of civilian products, you build them, don't you?

A. As a warring side, we had no other way out. The embargo on arms supplies to us forced the Croats to build their own defence industry. As a matter of fact, at present Croatia spends on military needs 1 billion 700 million Deutsche [German] marks, with its overall budget amounting to about 15 billion marks.

But this is not all. Together with pensions our defence expenditure makes up about 30 pct of our budget. Plus the upkeep of about 600 thousand refugees. If Russia had to provide support for the 25 million Russians from the former Soviet republics, it would amount to the same thing, considering the size of our nation. Add to this the circumstance that one-fourth of our territory is under occupation.

Q. All this is disadvantages, of course. And where do you see the positive aspects of your country's economic development?

A. I am not a professional politician, but a businessman, and so I would like to resort to figures. Last year inflation in Croatia ran at 3000 pct. Now its annual level makes up no more than 5 or 6 pct. Our aim is not to exceed 7 pct in the next two years. Our experience has shown that this is accomplishable.

I would not say that there is a slump in production. Currently the level of unemployment is about 10 pct of our work force. In my view, this is bearable. I would like to add that last year Croatia's farm produce surpassed its own needs by two and a half times, notwithstanding the decrease in its territory.

Our banking system becomes increasingly similar to the Western model. These are obvious signs of the fact that the first phase of stabilization in Croatia's economy proceeds normally. It is based on controlled processes. Had there been no war, Croatia would have been the first among the former Soviet-bloc countries to achieve the average European level of life.

Q. On what is your confidence based? What are the internal reserves of Croatia's economy that can be put to use?

A. Our small nation could live well on the sea alone: Tourism, fishing and sea products are very profitable. Our experience has proved it.

Croatia possesses 95 pct of the former Yugoslavia's Adriatic coast. As a result of this Zagreb accounted for up to 60 pct of Yugoslavia's hard currency revenues. By the way, this year we hope to get about 4 billion Deutsche marks from tourism.

Croatia has its own oil and gas reserves, and they are capable of meeting up to 60 pct of its own requirements. Our telecommunications infrastructure is on European level, but we continue to improve and develop it.

Out country has powerful modern shipbuilding, electronics and high technologies in a number of industries.

Q. Which of these industries can be viewed as promising for contacts with the Russian economy?

A. All of them. As for tourism, everything is clear. With about 4 thousand kilometers of the so-called "commercial coastline" we are capable of receiving a large number of Russian holiday makers.

Or take shipbuilding. In our country this industry develops at high rates and on a modern level. Croatia embarked on the road of reducing the number of its shipyards, but the remaining ones obtained the opportunity to get modernized rapidly and become highly profitable.

Recently the shipyard in Trigor launched the first of the 12 40,000-ton tankers ordered by Russia. If I am not mistaken, these vessels are meant for the Novorossiysk steamship line.

This is a big order, important to both countries. I know how busy Premier Viktor Chernomyrdin is, but I nevertheless hope to see him in Croatia, say at the launch of another tanker. However no pretext is needed. I think that a visit to Croatia by the Russian prime minister would stimulate the development of bilateral ties. Such an impetus is very important to both countries now.

Q. How big is the trade turnover between Croatia and Russia?

A. No more than 300 million dollars. However it can double in the near future. My confidence in this is based on the dynamics of our bilateral transactions and on the very nature of our cooperation.

I am gratified to say that Croatia's business circles have full trust in their Russian partners, and no complaints. It's natural that our turnover with Russia grows with every passing month. They say that business has no emotions, but only "common interest". I believe, however, that the atmosphere of joint work means a lot. In this case it is conducive to a fuller use of the two sides' opportunities to mutual benefit. I can add only this: During its cooperation with the business structures of new Russia Croatian business never came across any political obstacles.

Q. What countries are the most active in trade with Croatia now?

A. Germany, Italy, Austria, Slovenia. In my view, in this list Russia does not occupy the place befitting its economic potential or its importance in Europe and the world. I think that this situation will change for the better soon. According to our experts, in the next few years the volume of transactions between Croatia and Russia might reach a sum equivalent to about 4 billion dollars. I see no obstacles on this road.

Q. What role can Serbia play in terms of economic relations with your country?

A. A rapid growth of economic ties with Serbia can be expected when all disputes in the territory of the former Yugoslavia are settled. The economies of the two countries are capable of supplementing each other. In my view, this is one more argument in favor of peace and cooperation.

Foreign Ministry Spokesman Comments on DPRK

LD1407201894 Moscow Radio Rossii Network in Russian 1800 GMT 14 Jul 94

[Remarks by Mikhail Demurin, official spokesman for the Russian foreign ministry, on events in North Korea; place, date not given]

[Text] Our first hope is that the change of leadership in the DPRK will not result in any deterioration in Russian-North Korean relations. We are ready to work to improve these relations. We hope that President Kim Il-sung's demise and this period of the accession of new authorities, which is naturally difficult for any country, will not entail a complication of the situation either in North Korea or the entire Korean peninsula. We welcome any manner in which the new DPRK leadership can defuse the tension which still persists on the Korean peninsula; or any move to solve the North Korean nuclear problem, which worries not only Russia but the entire international community; or steps to improve relations between North and South Koreas with the prospect for a peaceful and democratic unification of the Korean people.

Soskovets, Mitsui Team Discuss Petrochemical Project

MM1407112594 Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 14 Jul 94 p 2

[POSTFACTUM report: "Investing in Us"]

[Text] Yesterday Oleg Soskovets, first vice premier of the Russian Federation Government, and representatives of the Japanese firm Mitsui discussed the question of opening a line of credit by Japan's Exim-Bank for financing projects in Russia. Around $200 million have been earmarked for the reconstruction of the Yaroslavl Oil Refinery, which will enable it to produce world standard gasoline.

The second project is the modernization of the Kemerovo Coke and Chemical Plant.

Foreign Ministry Attacks Estonia Over SS Veterans Rally

LD1407163694 Moscow ITAR-TASS World Service in Russian 1540 GMT 14 Jul 94

[By ITAR-TASS diplomatic correspondent Dmitriy Chubarov]

[Text] Moscow, 14 Jul—The Russian Foreign Ministry today sharply condemned the position adopted by the Tallinn authorities regarding a rally of SS [Schutzstaffel] veterans.

A rally of veterans of the 20th SS Division was held a few days ago in the Estonian locality of Sinimaed. Aleksandr Einseln, the commander in chief of Estonia's defense forces, and Defense Minister Enn Tupp read out an official message from President Lennart Meri and Prime Minister Mart Laar. This describes people who took part in the mass annihilation of civilians on the territory of Pskovsk and Leningrad Oblasts as "hero-fighters" "alongside whom," it turns out, "the Estonian government stands."

"This action," the Foreign Ministry's statement says, "cannot be regarded as anything other than blasphemy and mocking the memory of millions of people of different nationalities who died in the Second World War at the hands of Nazis and their accomplices. No ideological contriving can make SS uniforms presentable."

In its statement, the foreign policy department of the Russian Federation expresses the hope that "this outrage will not go unnoticed by the world public and international organizations to which Estonia belongs."

UK Ambassador Cited on Queen's Visit to Russia

MM1507102094 Moscow ROSSIYSKIYE VESTI in Russian 14 Jul 94 p 3

[Report by Aleksandr Stepanenko on interview with British Ambassador to Russia Brian Fall; place and date of interview not given: "Queen Visits Us for First Time in 700 Years"]

[Text] The visit of Queen Elizabeth II of Britain to Russia signifies a new phase in British-Russian relations. That is the opinion of Sir Brian Fall, British ambassador to Moscow. "Never before—and we are not talking about 70 but 700 years—has a British monarch made a visit to Russia," he said. The ambassador hopes that the British head of state will be able to come to our country as early as before the end of this year.

During his visit to Britain in November 1992 Russian Federation President Boris Yeltsin invited the queen to visit Russia and the invitation was accepted. Questions associated with the organization of the visit were discussed by Yeltsin and British Prime Minister John Major during the forum which has just ended in Naples between the leaders of the West's seven leading industrially developed countries and of Russia.

"It is a bilateral process. The queen's visit is a clear symbol of interest in the development of such relations, and such events always have an extremely productive continuation," the diplomat said. "The visit itself will possibly raise relations onto a new level. But it is no less important that it could give impetus to new ideas and stimuli, the result of which will become apparent in subsequent months and years. So it will be an extremely important stage in our mutual relations."

"We are pleased by the fact that the obstacles to developing relations no longer exist. We were allies in World War II, and that is very important. But in the postwar period—this is partly connected to the Cold War—relations were restrained. It can now be stated with satisfaction that the obstacles no longer exist," the ambassador said.

UK 'Seriously Concerned' by Russian Money Laundering

MM1407110394 Moscow IZVESTIYA in Russian 14 Jul 94 p 2

[Report by Vladimir Ivanidze: "Russian Crime Also Worries London"]

[Text] "Over the past year we have had 13,000 reports of suspicious money transfers through British banks. In 200 cases the 'laundering' of money related directly to the Russian Federation. And although that is not much the sums involved are large: From 500,000 to several million pounds sterling," journalists were told at a press conference at the Russian Internal Affairs Ministry by Albert Pacey, director-general of British Criminal Intelligence Service.

He arrived in Russia on Monday with David Veness, the London police deputy commissioner, to set up operational ties between the two countries' law enforcement services.

According to Mr. Pacey the British special services are unable and unwilling to wait until criminal groupings from Russia become too serious a problem for Britain.

"We also came to gain a closer acquaintance with the criminal situation in Russia. We want to understand how serious it is and to set up information cooperation with our Russian counterparts," Mr. Pacey said.

The British Criminal Intelligence Service, the department he heads, receives operational information from all over the world about the most serious crimes and criminal groupings. As far as could be made out from the replies at the press conference, the British are seriously concerned at the movement of drugs and "dirty" money from Russia to Britain.

Party Views Results of Ukraine, Belarus Elections

LD1407144394 Moscow INTERFAX in English 1339 GMT 14 Jul 94

[Text] The results of the presidential elections in Ukraine and Belarus are bringing closer the prospect of the creation of a confederation between these countries and Russia, which was initiated a month ago by the Party of Russia's Consolidation, the party of Slavic Unity with Ukraine and the Slavic Council of White Rus party, INTERFAX was told Thursday [14 July] by chairman of the Consolidation Party Aleksandr Tikhonov.

He believes that the new president of Ukraine, Leonid Kuchma, and Belarusian President Alyaksandr Lukashenka are "sincerely interested in strengthening contacts with Russia which suggests the idea of a confederation of the three independent countries."

As to the attitude to the idea within the Russian power structures, Tikhonov referred to the recent parliamentary hearings in the Russian Duma whose participants, he said, unanimously recognized the need for such a kind of unity.

Tikhonov said that soon he will visit Belarus and Ukraine to create a mechanism for practical activities for forming a confederation. He believes this mechanism should take the form of a tripartite coordinating committee in which representatives of the public and parliament deputies would take part.

Election Impact on 'Slav Union' Prospects Seen

MM1407160094 Moscow KRASNAYA ZVEZDA in Russian 14 Jul 94 p 3

[Report by Oleg Odnokolenko: "Will a Slav Union Become a Reality Or Do the Results of the Presidential Elections in Belorussia and Ukraine Coincide With 'Moscow's Interests' at Present?"]

[Text] Whereas official Moscow "backed" Leonid Kuchma until virtually the last minute, it has not always been considerate to Alyaksandr Lukashenka. Although, needless to say, no one really thought or thinks of him as the Belorussian [Belarusian] Zhirinovskiy. It was just that the "known Kebich" was initially preferable to the "unknown Lukashenka," who has not yet gotten accustomed to the corridors of power and is still unable to keep track of everything he says. Nevertheless the Russian president's words of greeting to both elected representatives were equally courteous almost down to the last detail.

However, etiquette is a bagatelle in this case and in these circumstances. It is no secret that Russia held its breath as it watched the progress of the presidential elections in the neighboring Slav states. And not only the politicians. Yet again it is no secret that the idea of a Slav union is considerably stronger on a day-to-day level, so to speak, than among the high-ups. Nor can one fail to take another important element into account. The Russian opposition has long since had far-reaching plans linked with the intended, now actual, change of political leadership in Belorussia and Ukraine. The aspirations of the national oppositions are similar. In other words, the changes that have occurred have complicated rather than clarified the situation in the post-Soviet area. And one thing is already clear: The very near future may bring intense political confrontation not only in Belorussia and Ukraine but also in Russia itself, where there is also no shortage of supporters and opponents of the Belovezhskaya agreement.

But let us take a more pragmatic look at the situation, leaving aside the political elements for a moment. How right are those who believe that rapid union is possible right now? First and foremost one should not forget that in the past few years the economies of the three Slav states have taken far from identical paths and simply adding them together will not have the desired effect. What is more, the Russian market, on which both Ukraine and Belorussia are counting, is no longer free. And Russia itself, relying on an alliance with the former fraternal peoples, will have to considerably revise its economic ideology. Here too there is only one real option to be seen—the restoration of the single economic area. But will that be to the liking of new partners in the so-called far abroad for whom the territory of the former Union has become a uniquely "lucrative area"? Will this be beneficial to the new Russians, Ukrainians, and Belorussians for whom partnership with the West has long been the basis of their prosperity? Moreover, one must bear in mind that in the current situation Russia is hardly able to act as an economic driving force in this way.

In a word, the new leaders' wishes are still not an out-and-out guarantee of change in relations between the Slav states. It is all far more complex than that. The divorce was too radical for us to suddenly start living together that easily. What is more—and this is also bound to be taken into consideration—the alignment of political forces in each of the Slav states is extremely different. It is too early to say to what extent. At the moment neither Kuchma nor Lukashenka, strictly speaking, has yet had time to clearly reveal his "political identity."

Yeltsin Congratulates Kuchma on Election

AU1507093194 Kiev URYADOVYY KURYER in Ukrainian 14 Jul 94 p 1

[Undated telegram from Russian President Boris Yeltsin to newly elected Ukrainian President Leonid Kuchma: "Congratulations From the Russian President"]

[Text] Russian President Boris Yeltsin sent a congratulatory telegram to Ukrainian President Leonid Kuchma. The text of the telegram disseminated by the Press Service of the head of the Russian state reads as follows:

"Dear Leonid Danilovich [Kuchma],

"I sincerely congratulate you on being elected to the high post of Ukrainian president.

"I reconfirm Russia's striving to continue its consistent policy toward further development of equal and mutually advantageous relations of friendship and genuine partnership with independent and sovereign Ukraine. We hope that the Ukrainian side will adopt a similar approach.

"It is the Russian leadership's firm conviction that comprehensive and active cooperation between Russia and Ukraine, which are closely bound by age-old ties of friendship, common history, and ethnic and cultural affinity, would promote economic progress, security guarantees for our states and would fully conform to the interests of the entire international community. I am convinced that, together with you, we will work constructively and fruitfully and will strengthen friendship between the fraternal Russian and Ukrainian peoples.

"I wish you, esteemed Leonid Danilovich, every success in your activity as head of the Ukrainian state.

Yours respectfully,"

[signed] B. Yeltsin

Newspapers View Kuchma's Victory in Ukraine

LD1407112594 Moscow ITAR-TASS in English 1049 GMT 14 Jul 94

[Report by ITAR-TASS]

[Text] Moscow 14 July, TASS—Leonid Kuchma's victory in the presidential election met with controversial reception in Ukraine, ROSSIISKIYE VESTI writes on Thursday [14 July]. Most industrial workers and rural toilers, as well as industrialists and business people welcome the fact that the new president has a clear understanding of economic problems and is ready to

pursue an effective economic policy. But national radicals regard his victory as their dire defeat. However, as soon as the preliminary election returns became known, leader of Rukh, Ukrainian Natonalist Party, Vyacheslav Chornovil, expressed the readiness to cooperate with the new president within the limits of the coincidence of their views.

The week point of Kuchma as president is that he has hardly any backing in the Ukrainian Supreme Soviet, writes MOSCOW NEWS weekly. Leaders of the left wing bloc which has a relative majority and parliamentary leaders also want real power. Besides that, one of the fundamental aims of Soviet power in Ukraine is at least curtailing the role of the head of state to representative functions, if not discarding the institute of presidency altogether. Speaker Aleksandr Moroz has already taken measures to limit Kuchma's scope for manoeuvre by endorsing the nomination of Vitaliy Masol, representative of left forces, as premier. The president has no right to dismiss him without parliamentary consent.

Althought in the run-up to elections Kuchma made statements which can be assessed as an attempt at concluding peace with Masol, he will hardly give up the intention to control the government. These are origins of possible conflict between the president and parliament. If Kuchma is unable to secure support in the West and centre, nationalist representatives in parliament may provide for the left wing the votes needed to deprive the president of his post.

NOVAYA YEZHEDNEVNAYA GAZETA writes it is difficult to forecast what the Ukrainian state has in store for it after the election of the news legislative and executive authorities. It is apparent that the president, the Supreme Soviet and premier merged forces, that cooperation with Russia and other countries of the CIS has expanded, that Ukraine split into the pro-communist east and nationalist west, that the budget was altered in favour of the east and that the interest of developed European countries and the United States in Ukraine has decreased. Despite all the ensurances of the new president, the economic crisis is certain to deepen with the spiralling of inflation.

Moscow Paper Predicts 'Hard Times' for Ukraine's Kuchma

MM1407134394 Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 14 Jul 94 p 2

[Report by Vladimir Kosse under the general heading "Ukraine Chooses Lesser of Two Evils": "The Presidents: The Donbass Builds Communism in Ukraine Alone"]

[Excerpts] In the hot summer of 1993, the wave of miners' strikes in the Don region roused domestic political life in Ukraine from its social stagnation. The Donbass miners' ultimatum, in which they demanded early parliamentary and presidential elections and the disbandment of the unviable government, all backed up by a threat that they would wreck the country's economy, could not be ignored in Kiev. A year has passed and, as the miners wanted, the authorities have been replaced.

The final action of the Ukrainian political metamorphosis was the election of the new president. Despite losing the first round, Leonid Kuchma polled over 52 percent of the votes in round two, as against Leonid Kravchuk's 45 percent. [passage omitted]

The problems of the language and the markedly strained relations with Russia, created by the most fervent representatives of Western Ukraine, ultimately backfired on them. After Leonid Kuchma's promise to recreate the single economic area of the former Union, the inhabitants of the Donbass forgave him his inglorious activity as premier and his spinelessness in dealings with the former Supreme Council. They recalled how 10 years ago hordes of starving people from Rostov descended on Donetsk on weekends in pursuit of meat, butter, boiled sausage, and pasta. The years of the single state were years of plenty in the Donbass, and the prospect of bringing back those not so distant times inspired hope in the Don people's hearts. [passage omitted]

It is hard to predict what lies in store for the Ukrainian state after the election of the new legislature and executive. The consolidation of the president, the Supreme Council, and the prime minister, who is closely associated with them both, the expansion of cooperation with Russia and other CIS states, the final split of Ukraine into a pro-communist East and a nationalist West, the redivision of the budget in favor of the former, and the slackening of interest toward Ukraine on the part of the developed European countries and the United States are obvious. Despite the new president's assurances, the economic crisis will surely deepen as the spiral of inflation mounts. And just as during L. Kuchma's recent premiership, the people's pockets will be full of money but they won't be able to buy anything with it. This year, according to the predictions of agrarian scientists, Ukraine can expect its lowest grain harvest in the past 10 years, and that will aggravate the unenviable plight of the sovereign economy even more. Consequently this president, the second elected by all the people, is in for hard times. All hopes are pinned on the election leaflet slogan: Leonid Kuchma is not a man of words but of deeds.

Moscow Suggests Fundamental Reform of CSCE

LD1407180294 Moscow INTERFAX in English 1609 GMT 14 Jul 94

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Igor Porshnev, Vitaliy Trubetskoy, and others]

[Text] Russia has drawn up a comprehensive program to enhance the effectiveness of the Conference on Security and Cooperation in Europe, the Director of the all-European Cooperation Department of the Russian Foreign ministry Yuriy Ushakov has said.

"This program includes all spheres of CSCE activities and we would like to present it for discussion by the European community in the near future", he said.

Russia suggests turning the CSCE into a full-fledged international organization with its own charter and effective decision-making machinery. "Moscow is for a realistic and working division of labour between such organizations as the CIS, the North Atlantic Cooperation Council, the European Union, the Council of Europe, NATO and the West European Union, with the CSCE playing the central coordinating role", Ushakov said.

He explained Moscow believed the CSCE should focus itself on "protecting human rights from ethnic and religious intolerance and any manifestations of aggressive nationalism".

"We believe that a reorganization of the CSCE would be very important now", Ushakov added.

He said that Russia proposed forming a new leading body of the CSCE an executive committee consisting of 10-12 members, permanent and rotating and with due regard for the CSCE practice of consensuses.

Ushakov said that many countries, including smaller ones, would be unable to accept that idea at once. "They fear that their sovereignty may suffer to a certain degree. We make that proposal as an incentive to discussing and choosing compromises options", Ushakov explained.

He also said that the program approved by President Yeltsin had been sent to all other CIS member-states to let them put their signatures to it as co-authors, in case they wish to do so.

Duma Deputies Term Baykonur Situation 'Disastrous'

LD1307140494 Moscow ITAR-TASS in English 1306 GMT 13 Jul 94

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[Text] Moscow July 13 TASS—The situation at the Baykonur Cosmodrome is critical, according to a working group of the State Duma Committee for Industry, Construction, Transportation and Power Engineering.

The working group has just returned from Baykonur where its members studied the situation.

Speaking at a news conference in Moscow on Wednesday, they described the situation at the cosmodrome as "disastrous." Baykonur employees are exerting "unbelievable" efforts to preserve the unique equipment and keep the cosmodrome functioning, they said.

The situation in the city of Leninsk where the Baykonur staff lives is on the verge of a social explosion, the deputies said. The houses are falling apart, the crime situation is growing worse, schools, kindergartens and hospitals are closing down. There is dual power in the city as there are two public prosecutors and two police departments.

The deputies believe that at least three top priority tasks must be solved in order to normalise the situation. First, the soonest possible ratification by the parliaments of Russia and Kazakhstan of the agreement on the basic principles and terms of using the Baykonur Cosmodrome and signing of a lease agreement by the Russian Government.

It is necessary to allocate means to start preparations at the cosmodrome and in the city for the coming winter and oblige the Defence Ministry to take measures to ensure security and normal operation of the cosmodrome.

Moscow Calls for Help To Solve Cambodian Crisis

LD1407182294 Moscow ITAR-TASS in English 1655 GMT 14 Jul 94

[By ITAR-TASS diplomatic correspondents Aleksandr Krylovich and Vladimir Suprun]

[Text] Moscow July 14 TASS—The settlement of relations between different political forces in Cambodia is that country's internal affair. But the existing threat to national reconciliation, the expansion of the conflict in Cambodia, and as a result, the destabilization of the situation in south-east Asia cannot but cause concern in Russia, according to Deputy Director of the Information and Press Department in the Russian Foreign Ministry Mikhail Demurin. Speaking at a briefing on Thursday, Demurin was referring to a report, saying that the National Assembly of Cambodia had declared "Khmer Rouge" an outlaw group.

According to the Russian diplomat, the decision made by Cambodia's supreme legislative body is a result of the policy conducted by the "Khmer Rouge" leadership, which has violated international commitments made by it in the Paris agreement on October 23, 1991, and has stepped on to the path of confrontation, including military, with the democratically elected government.

Demurin noted that, under these circumstances, it is important to do everything possible to provide international support to efforts made by Norodom Sihanouk and the royal government to peacefully settle the issue at the negotiating table. The forms support might take could be discussed at a specially-called meeting of representatives of interested members of the Paris conference on Cambodia.

The Russian Foreign Ministry spokesman emphasised that Cambodia's neighbouring countries should contribute to the cause of protecting peace by blocking the Red Khmers' chances of engaging in military confrontation with the legally elected government.

'Experts' Sound Alarm Over Indian Debt Deal

MM1407124594 Moscow KOMSOMOLSKAYA PRAVDA in Russian 13 Jul 94 p 1

[Article by Stanislav Kucher: "Is Selling Debts the Democrats' Next Task? Russia Is Owed $150 Billion by 'Developing' Countries in Asia, Africa, and Latin America. Will They Return This Money?"]

[Text] We are owed almost twice as much as we owe the West. Russia needs this money and our politicians have long been promising to return it....

Last week Oleg Davydov, Russian minister of foreign economic relations, raised his fellow citizens' hopes in the press: There have been some developments in one area at least. Concerning the debts owed by India, one of our principal debtors. Davydov announced that a mechanism has been formulated for paying up to 50 percent of the almost $30-billion total which India borrowed from us at various times.

A proposal to sell some of India's debts through the Russian foreign currency exchange was submitted by the Ministry of Finance in coordination with the Ministry of Foreign Economic Affairs at the beginning of this year. Back in February a special government directive appeared ("for official use"), stating that approximately 7 percent of the money transferred from India to Russia for the purposes of paying off the debt this year must be sold through the currency exchange system. What does this mean? How advantageous is it to us?

The idea of selling rupees through the currency exchange cropped up because at the present time, owing to the dollar cross rate, the rupee exchange rate is very high in relation to the ruble. It is therefore not advantageous for Russian organizations to purchase goods in India—it turns out that they are no cheaper than better quality goods that can be bought for dollars in the West. The authors of the idea hope that a rupee exchange rate that is more advantageous to us will be established on the currency exchange, and then this problem will disappear. The plan is as follows: The Ministry of Finance will organize an auction or a tender on the currency exchange for a certain sum in rupees which will accumulate in the account of the Bank for Foreign Economic Activity. Russian organizations (private or state—the range of players is unlimited) will begin to bid against each other: Who will offer the most rubles for the rupees. The winning firm will get permission from the state to use these rupees in order to purchase goods in India.

All this seems simple and reasonable. However, many Russian experts are ringing alarm bells. The fact is that, according to agreements between ourselves and India, all goods purchased in India must be sold exclusively in Russia. Why? The Indians are afraid that if Russia reexports their products, it will make an additional foreign currency profit which they themselves could have made if they had sold the goods not to us but to the West, for example. As far as the exchange is concerned, reexports of this sort will be very hard to avoid—there are a number of firms playing the field, and having bought highly effective budget goods from India (tea or coffee), they will naturally strive to sell them at a dearer price, i.e. to the West. It is clear that in present conditions keeping track of this process will be extremely difficult, to put it mildly. If, however, the Indians find out that we are not meeting our commitments, it will be even harder to secure payment of their debts to us. Moreover, it is already clear that given the high stakes currently being played for on the exchange, criminal activity becomes a possibility—deals, financial machinations, and so forth.

According to information at the disposal of KOMSOMOLSKAYA PRAVDA, the Ministry of Finance has already started to sell off Indian rupees via a number of currency exchanges.

Incidentally

On the whole the actual procedure for carrying out trade and financial operations is not reflected in the agreements between Russia and India regarding financial and trade relations. Therefore total chaos reigns on this issue, which is being exploited by a number of Indian and Russian firms in order to disguise financial abuses. One of these is the purchase of clearing rupees for 30-40 percent of their nominal value, which results in the laundering of "dirty" money. According to data from the Indian Bureau of Investigations, 35 percent of the verified transfers worth 40 billion rupees between Russian and Indian firms effected since 1991 have been acknowledged as openly illegal.

All this results in the enrichment of unscrupulous firms, a decline in the flow of imports from India (under contracts where profit is made by engaging in financial machinations, substandard Indian goods arrive in Russia), and also a decline in the prestige of the Russian importer among Indian high-quality goods exporters.

Sunk Nuclear Submarine Being Successfully Sealed

LD1407181694 Moscow ITAR-TASS in English 1628 GMT 14 Jul 94

[Report by ITAR-TASS correspondent Igor Pshenichnikov]

[Text] Oslo 14 July, TASS—Russian specialists are in the process of successfully sealing the fore part of the sunk nuclear submarine "Komsomolets." The expedition, organized by the Russian Government, began work two weeks ago, and has already completed most of its job. By August fifth the expedition should complete the current stage of security work on the submarine, which sunk in 1989 in the Barents Sea near Medvezhy (Bear) Island.

The expedition's headquarters aboard the Russian Academy of Sciences' research ship "Academic Mstislav

Keldysh." The repair crew is headed by Sergey Khetarugov, deputy minister for civil defence, emergencies, and natural disasters.

In an exclusive interview with ITAR-TASS, Khetarugov reported that water samples taken near the submarine with the help of deep-water equipment have confirmed that the Russian security measures are effective. As of today, the water near the nuclear reactor and warheads does not show signs of a radiation leak. The deputy minister said that the work was being done openly, "so that nobody will be able to speculate about the results of the expedition." A large group of foreign experts has accompanied the Russian crew aboard the ship, including representatives from the International Atomic Energy Agency.

Khetagurov confirmed that the submarine had suffered very serious damage. In order to prevent the circulation of water in the internal cells of the submarine, the crew is using deep-water equipment to seal off the nine nose hatchways for the torpedos. They are being covered by titanium stoppers.

It is interesting to note that Norway has not displayed much interest in the submarine sealing work. During today's Oslo meeting between Khetagurov and several Norwegian ministerial and departmental heads, the Russian side understood that they could "do no work at all" on the submarine, as far as the Norwegians were concerned. Khetagurov said that Norway's position "does not reflect objective reality." He asked the Norwegian side to determine the level of their participation in the sealing work, so that they could return to that question later.

Operation To Combat Smuggling, Rustling on Mongolia Border

MM1507095194 Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 94 First Edition p 3

[ITAR-TASS report under the "Yesterday, Today, Tomorrow" rubric: "War on Cattle Rustling and Contraband"]

[Text] A major operation to crack down on cases of contraband and cattle rustling, which have become more frequent recently, has been conducted along a section of the Russian-Mongolian border.

Substantial manpower from the Transbaykal Border District as well as regional internal affairs directorates and the Federal Counterintelligence Service have been enlisted to ensure the more reliable protection of the Russian border.

Summing up the results of the joint operations by servicemen, the militia, and counterintelligence staffers yesterday, Colonel Nikolay Zamarayev, an officer from the Transbaykal Border District Staff, noted that 25 violators of the border were arrested during the operation, and 5 million rubles' worth of all kinds of contraband was seized.

Political Issues

Government Economic Meeting Opens in Kremlin

LD1507083894 Moscow ITAR-TASS in English 0659 GMT 15 Jul 94

[Text] Moscow July 15 TASS—An enlarged meeting of the Russian Government which opened in the Kremlin this morning is devoted to the results of the country's social and economic development in the first six months of 1994 and to discussion of future tasks. The meeting was opened by Premier Viktor Chernomyrdin.

In the opinion of experts, a 75 per cent drop in inflation (from 21.4 per cent in January to 4.8 per cent in June) has become an encouraging result of the past six months. Inflation dropped by more than 50 per cent as compared with the corresponding period in 1993.

The consumer market stabilises, along with a drop in inflation rates: A 90-100 per cent level of saturation of retail trade with many foodstuffs is maintained over the past months.

Yeltsin Misses Meetings Due to 'Cold'

AU1507081594 Paris AFP in English 0753 GMT 15 Jul 94

[Text] Moscow, July 15 (AFP)—Russian President Boris Yeltsin will not attend a government meeting on economic issues due to a "cold," his press department said Friday.

"The cold is not serious," the department added.

Yeltsin also called off a meeting, scheduled for Friday afternoon, with visiting Former French Prime Minister Jacques Chirac.

The press department would not rule out further cancellations in the next few days.

Yeltsin has for years been rumored to be ill. In February and March he was not seen in public sparking new speculations about his health.

Chernomyrdin Addresses Crime Issue

LD1507105294 Moscow ITAR-TASS in English 0954 GMT 15 Jul 94

[Text] Moscow July 15 ITAR-TASS—Fighting crime is now becoming one of the most important conditions for the normal coerce of reforms," Russian Prime Minister Viktor Chernomyrdin said at the Russian's Government's extended meeting in the Kremlin today.

"The security of the country and of its citizens must be given reliable protection," the prime minister stressed. "This is a constitutional duty of the state, and the government will not retreat from this position" he said. Chernomyrdin said that the government intends to mobilise additional resources to maintain the law-enforcement system and provide social protection for its employees.

The prime minister noted nonetheless that numerous problems exist which cannot be resolved by more financial injections. He cited such problems as coordination of interaction between different law enforcement services, and personnel training and placement. Much depends on coordinating the efforts of such closely-related services as the customs, currency and export control agencies and the tax police.

Yeltsin Anticrime Edict Takes Effect

LD1407130694 Moscow ITAR-TASS World Service in Russian 1213 GMT 14 Jul 94

[By ITAR-TASS correspondent Yelena Gorelova]

[Text] Moscow, 14 Jul (ITAR-TASS)—Forty-one top criminals have been arrested in one month since the decree "On urgent measures for the protection of the population from banditry and other crimes" was signed by the Russian president. In this time Federation Interior Ministry services specializing in organized crime have exposed 162 grave crimes committed by gangs and arrested 164 gang members. The ITAR-TASS correspondent learned this at the Federation Interior Ministry's public relations office.

The militia staff in towns where the Russian Interior Ministry has "special control" are being transferred to "stand-by alert". There are plans to reinforce law enforcement bodies above all in Moscow, St. Petersburg, Dagestan, Ingushetia, Kazan, Yekaterinburg, Vladivostok, Kemerovo, Mineralnyye Vody, and other places where there are enclaves of main criminal organizations.

Accord Seals Assembly, Regional Cooperation

LD1407205994 Moscow ITAR-TASS World Service in Russian 1402 GMT 14 Jun 94

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[Text] Moscow, 14 Jul—Cooperation between the Federal Assembly of the Russian Federation and interregional associations for economic cooperation between constituent parts of the Russian Federation has been sealed in an agreement signed today by the chairmen of both chambers of parliament and by the leaders of the associations. It has been concluded "for the purposes of developing the socially oriented economies of the constituent parts of the Russian Federation, the economic integration of the regions, and the creation of market relations."

Among priority areas for joint activity the agreement specifies laws on interregional cooperation, on the demarcation of powers between the center and the

Federation's constituent parts, and on determining the proportions of state financial resources to be left at the disposal of the Federation and its constituent parts. The document notes the need for conceptual unity between federal and regional legislation.

Federation Council Chairman Vladimir Shumeyko said that the interregional associations are serious participants in political and economic processes representing the common interests of large groups of the Russian Federation's constituent parts. He said that the associations had already shown themselves to be equal constituent parts in the country's economy. By strengthening our economy they are proving their vital importance.

Let us remind you that eight interregional economic cooperation associations: Central Russia, the North-West, the Black Earth zone, the North Caucasus, the Greater Volga, the Urals, the Siberian agreement, and the Far East have been formed in Russia.

Movement To Revive Union Holds News Conference

MM1407162194 Moscow PRAVDA in Russian 14 Jul 94 p 1

[Report by Aleksandr Golovenko: "'Union' Starts All Over Again"]

[Text] Threats against those who dream of reviving the USSR recently issued from deep within B. Yeltsin's staff. At once public interest in the parties and movements which have proclaimed the great power's revival as their aim arose in Russia. Enough of my colleagues gathered for yesterday's news conference by the "Union" People's Movement to cover it in all respectable newspapers.

In his introductory speech USSR People's Deputy Georgiy Tikhonov, chairman of the movement's presidium, recalled the illegal breaking up of the Union Congress and said, in particular:

"Recent events in neighboring republics can hardly be overestimated. First, there was the election of Alyaksandr Lukashenka as president of Belorussia [Belarus]—the only parliamentary deputy to have openly voted against the 'Belovezhskaya Forest compact.' The fraternal people thereby once again said 'Yes!' to the Union and rejected the pro-Gaydar opposition's clearly expressed rejection of the ruble zone. The defeat of Kravchuk, the 'second Belovezhskaya Forest bison,' was a consequence of his narrowly nationalist policy. Two Slav peoples have now had their say. Now it is Russia's turn...."

Replying to journalists' questions, USSR and RSFSR [Russian Soviet Federal Socialist Republic] People's Deputies Vladislav Gorokhov and Ivan Shashviashvili pointed out that a number of the country's problems can only be resolved together: Chernobyl, the Aral, the preservation of unique vanishing species of birds and animals and of reserves. Only together, by establishing genuine people's power, they pointed out, can the peoples halt the bloody wars and the "brainless" reforms, revive economic and cultural-domestic ties, and recreate a country about which people throughout the world would once again start speaking with respect.

Yavlinskiy Explains Yabloko Policy Line

MK1407100094 Moscow ROSSIYA in Russian No. 26, 13-19 Jul 94 (Signed to press 12 Jul) p 4

[Interview with Grigoriy Yavlinskiy by Mikhail Verzhba: "Yavlinskiy: 'No One Has Fallen; No One Has Been Lost'"—in Volgograd, "a few days ago"]

[Text] [Verzhba] Grigoriy Alekseyevich, I am very sorry, but there is a saying abroad about Yabloko: "B" has fallen, "L" has disappeared, and only "Ya" is still around...." Is there a grain of truth in it?

[Yavlinskiy] No one has fallen and no one has disappeared. Boldyrev is working in the parliament upper house. Lukin is at the head of the Duma international committee. And we are still together. Yabloko today is a faction in the State Duma and we are engaged in creating a political organization.

[Verzhba] Once, in an interview, you even specified the date when the party will be formed. That time is past and still there is no party. Is it you or Russia who is not ready?

[Yavlinskiy] We believe it wrong to create a party from Moscow in the form of slogans on TV. I suppose that even if all three of us appear on TV and announce: "The Party has been founded; come and join it," nothing good will come of it. We believe that a different political association is needed for Russia: a bloc of regional political organizations. With this approach it is not an easy matter to hold a founding congress and announce the creation of the party.

Today in nearly 30 regions such a political base exists in the most diverse forms—I would like to stress this especially. For instance, in Tomsk, Voronezh, and Nizhniy Novgorod this is EPI- center—an intellectual nucleus around which forces are being formed which share our views on the development of the situation in the country. There is Russia's Far East, a regional political organization. In Tver there is a party that has broken away from the Democratic Party of Russia and announced its support for Yabloko.

[Verzhba] Zhirinovskiy's party won the December elections. The democrats, separating into several teams, have lost. Is it your impression that if they united, certain democratic movement leaders might lose while democracy as a whole would gain?

[Yavlinskiy] I do not think that the Zhirinovskiy phenomenon is a criterion to judge of what policy to pursue.

[Verzhba] Still, had the democrats united before the elections?...

[Yavlinskiy] Had this happened, many of my voters would not have gone to the polls. Those, for instance, who were strongly disappointed with Gaydar would have replenished the ranks of abstainers. I "took" my electorate, Gaydar his, and Shakhray his. In the event of unification they would not necessarily have added up. Furthermore, I had some fundamental disagreements with Gaydar.

[Verzhba] In other words, such a unification is impossible in the foreseeable future?

[Yavlinskiy] Why, it is possible. As for the upcoming elections, I would not rule out the most diverse alliances within the democratic camp.

[Verzhba] Which is more than can be said about the recent budget debate in the Duma.

[Yavlinskiy] In the first budget voting we acted the same as Russia's Choice; also in the second voting. The third voting was effectively about the placing of commas and editing. And at this point, Choice for some reason changed its mind. Having voted against the main budget indicators and then against redistribution of funds within it, I cannot possibly vote for it owing to some stylistic changes. This is nonsense. How can I then explain my position to constituents? But if the question of real danger arises, naturally we shall be together.

[Verzhba] Do you, Grigoriy Alekseyevich, envision yourself in the position of president? Or perhaps prime minister?

[Yavlinskiy] Back in February 1993 I announced that I would contest presidential elections. I have not changed my mind.

[Verzhba] Excuse me for this possibly tactless question, but a theoretician once had occasion to serve as leader of a country. Are you not afraid of repeating your colleague's not altogether happy experience? Or has the "Nizhniy Novgorod prologue" been a test site where practical knowledge and experience were accumulated?

[Yavlinskiy] First of all, I must tell you that the experience of a Soviet-era factory director also ill suits the country's leadership. Second, in the final analysis Gaydar pursued his reforms only for three months. Neither he nor Fedorov ever had real power. In other words, it is incorrect to make conclusions as to what Gaydar could have done and what I can do.

[Verzhba] And what are you going to do to reach your objective?

[Yavlinskiy] I cannot do anything by myself. My plans and ideas are rather a proposal to the citizens. If the people are really concerned about the country's fate, then we have some prospects. Then we shall be able to talk of how best to rebuild Russia and how most effectively to distribute our forces. Today, however, we are in the minority in parliament.

From my point of view, Boris Nikolayevich is pursuing a policy that supports Zhirinovskiy. This is also reality. Why then did I come to Volgograd? Precisely to ask the citizens: Are you going to do anything yourselves?

[Verzhba] It appears that usurpation of power is nearly a foregone conclusion? Is this a matter of time?

[Yavlinskiy] Power can be usurped only thanks to Zhirinovskiy.

[Verzhba] Thanks to his support?

[Yavlinskiy] No, thanks to his presence. It is easy to bring the people to a certain condition and then propose: Choose one of the two: Either we shall stay on or he will come along. And everyone will say: It is better for these to remain.

This is the way the situation has shaped up. But not everybody realizes this. Even the democratic movement itself is split. Gaydar maintains that his party supports Yeltsin. And Yeltsin supports Zhirinovskiy.... Naturally, we shall have an uphill task.

[Verzhba] It will be most difficult to unravel all these intricacies for those who come to the ballot boxes.

[Yavlinskiy] Addressing them, I can only say this: Voters must make their choice with utmost responsibility. If they answer the question in favor of Zhirinovskiy (this is their right, of course), they will have only themselves to blame.

[Verzhba] Are you not afraid that Russia is one step away from democracy to chaos?

[Yavlinskiy] No, I only think that our democracy is a rather cruel thing: Violations of laws are punished, and in most diverse forms. Yet this is not what really matters. It is more important that laws should correspond to people's interests. Furthermore, Russia is such a huge country—in fact, a country of countries—where democracy is the only method of getting things done. True, another option is to install a dictator....

Economic Issues

Chernomyrdin Says Reforms Yielding 'Positive Results'

LD1507090094 Moscow ITAR-TASS in English 0730 GMT 15 Jul 94

[By ITAR-TASS correspondents Gennadiy Yezhov, Anna Melnikova]

[Text] Moscow July 15 TASS—Russian reforms have yielded its positive results, said Russian Prime Minister Viktor Chernomyrdin, addressing an extended session of the Russian Government in the Kremlin today.

Chernomyrdin said that the main result of reforms is the disappearance of lines of people queuing up to buy

goods, the absence of deficit and tangible reduction of the rates of production decline which were practically at a zero level in June, the stabilisation and reduction of inflation rates, the completion of the voucher privatisation, steady favorable balance of foreign trade and signs of the stabilisation of living standards of the population.

The prime minister said that the country had taken another step to ensure favorable conditions for Russia's integration into the world economy, which was confirmed by the results of the Naples summit of eight countries.

Chernomyrdin Outlines Reform Tasks

LD1507090194 Moscow ITAR-TASS in English 0828 GMT 15 Jul 94

[By ITAR-TASS]

[Text] Moscow July 15 TASS—The situation which unfolded in the Russian economy insistently demands that the government put new accents in its activities, said Russian Prime Minister Viktor Chernomyrdin at the session of the Russian Government today.

The prime minister believes that objective conditions are being created now "to take the reform directly to the sphere of production, to the level of enterprises and develop it to meet the interests of a domestic manufacturer, entrepreneur and a private investor.

In Chernomyrdin's opinion, today, the tasks of priority importance are the creation of conditions for a favorable investment climate, reorganization and liquidation of enterprises and industries having no prospects, the division of social and industrial functions performed by an enterprise, launching a new stage of privatisation, the reform of state enterprises and the formation of a state sector of a new type, easing the social consequences of bankruptcy and structural restructuring.

Switching over to unimpeded solution of these tasks means a new stage of reforms which has already begun by adopting first packages of economic decrees by the Russian president, the prime minister said.

Sets Targets for Regional Policy

LD1507105594 Moscow ITAR-TASS in English 1012 GMT 15 Jul 94

[Text] Moscow July 15 ITAR-TASS—Russian Prime Minister Victor Chernomyrdin today called for convening a special extended meeting of the country's government in autumn to consider real economic restructuring and the entire set of questions relating to state impact on these processes. He said the government is determined to prepare a specific mechanism of an active structural policy by the time to deal with long-term tasks and take into account the specifics of various sectors and branches of the Russian national economy.

Victor Chernomyrdin, who was addressing the government's extended meeting in the Kremlin today, stressed the need to work out several regional policy versions or models, taking into account the distinguishing characteristics of the main types of the regional economic development. According to him, the inter-regional associations of economic interaction would play an important and even leading role in the elaboration of such versions.

Chernomyrdin called the division of powers and authority between the federal bodies of state authorities and bodies of authority in the regions of the Russian Federation the most important aspect relating to the realization of these principles approaches. He said that the government adopted 43 resolutions and on these matters in the first six months of this year.

It has also drafted a presidential decree identifying the main targets of the state regional policy and is about to submit to the State Duma, the power house of the Russian federal legislature, a bill on principles of local government.

Chernomyrdin said also that it is necessary to work towards a clearer definition of the status of the heads of administration and regulation of their relations with the federal bodies of power represented locally, as well as their relations with the presidential envoys.

Expects Good Harvest in 1994

LD1507085794 Moscow ITAR-TASS in English 0805 GMT 15 Jul 94

[Text] Moscow July 15 TASS—Russia expects a good harvest of grain, sugar beet, and vegetables, Prime Minister Viktor Chernomyrdin announced at a government meeting in the Kremlin today.

The prime minister stressed that for the first time in decades Russia has laid a foundation for its grain independence, but added that the situation in the agricultural sector remains very complicated.

According to Chernomyrdin, the government intends to support agriculture but "the efforts of the government will be directed towards creating a market infrastructure, and first of all, the organisation of wholesale food markets."

Chernomyrdin criticised the Ministry of Farm Produce and some other departments of the agro-industrial complex for the failure to come up with a proposal of an effective mechanism of financial and economic interaction between agriculture and other economic sectors.

'Moderately Tough' Credit Policy To Continue

LD1507100194 Moscow ITAR-TASS in English 0908 GMT 15 Jul 94

[Text] Moscow July 15 ITAR-TASS—"We cannot afford the luxury of changing anything in principle of our

monetary and crediting policy, and it will remain moderately tough," Russian Prime Minister Viktor Chernomyrdin said at the meeting of the government here today.

The prime minister who was speaking about the creation of a favorable investment climate in the country, said he hears proposals of two kinds lately—on the one hand, the government is being urged to ease its tough policy and increase budget spending for investments and other needs, on the other it is being pressured to further toughen its policy in order to reduce the inflation rate to 2-3 percent by the end of the year.

Both proposals, if they were translated into action, would increase the risk of losing eventually all control over the price growth, Chernomyrdin said. "It is difficult to imagine anything worse for the investment climate than a pulsating inflation rate with abrupt jumps. For this reason the cabinet will proceed from the projections for the end of the year which the president outlined in his message and which were recorded in the government programme," Chernomyrdin said.

Threshold of Bankruptcies 'Overstepped'

LD1507100094 Moscow ITAR-TASS in English 0858 GMT 15 Jul 94

[Text] Moscow July 15 TASS—"We have already overstepped the threshold of bankruptcy," Premier Viktor Chernomyrdin stressed here on Friday, addressing a meeting of the Russian Government in the Kremlin.

According to the prime minister, criteria were drafted and approved to define insolvent enterprises, and work was started to compile departmental lists of those who was actually bankrupt for long.

Describing the situation, the premier said that the State Property Committee has already decided to liquidate or auction six enterprises. Courts of arbitration examine 60 cases and appropriate acts are being prepared for another 100 enterprises.

Chernomyrdin is convinced that if this process is not hampered artificially, at least 2,000 enterprises will fall, by the end of this year, into this category established by legislation.

According to the premier's figurative expression, special difficulty of the problem of bankruptcies lies in that it is "a custom-made production". This means that each decision in this sphere can entail very difficult social consequences.

On the other hand, he noted, each renovated enterprise is "a real fact of structural reorganisation of the economy".

Stressing that "we shall not force up the process of sanation" [in a similar report at 0820 GMT on 15 July, Moscow ITAR-TASS in Russian speaks here of a "rescue process"], the cabinet head intimated that an exception can be made only for munitions factories, taking into account the need for preserving the core of the country's defence potential, as well as for socially important non-commercial enterprises.

Industrial Slump Reaches 26 Percent in 6 Months

LD1407115694 Moscow ITAR-TASS in English 1137 GMT 14 Jul 94

[By BUSINESS-TASS correspondent Oleg Deineko]

[Text] Moscow July 14 TASS—The industrial slump in Russia reached 25.9 per cent in the first half of 1994 compared to the same period of last year, according to a report of the Economics Ministry.

Experts outline four reasons for that and list a 70-per cent decrease in defence appropriations as the major one. Production at defence enterprises went down by more than 60 per cent which comprised nearly 25 per cent of the general industrial slump.

About 15 per cent of the absolute decline of industrial output was caused by decreasing demand for investment resources due to an overall drop in capital investments in the economy (by 65 per cent over the previous two and a half years).

Russia cut down shipments of energy and other resources to CIS states at reduced prices. This accounted for another 10 per cent of the slump.

The drop in the population's effective demand resulted in yet another 15 per cent of the decline, according to the report.

Six-Month Economic Figures Analyzed

MM1407133594 Moscow IZVESTIYA in Russian 14 Jul 94 p 4

[Article by Otto Latsis: "In Unsteady Equilibrium Scales of Russian Economy Are Oscillating"]

[Text] A skilled statistician never resorts to gross distortion of information. Even if he wants to give a reader a false idea, there are numerous subtle methods of doing so. The point here is not only the well known potential of the arbitrary selection of information and its biased presentation. The point lies in the very nature of socio-economic statistics which lay claim to a quantitative description of qualitatively different phenomena. If it gives a dishonest interpreter scope for distorting reality with impunity, then it is very hard, on the other hand, for an honest interpreter to give a full and objective picture.

Explicable Contradiction

Leafing through the Goskomstat [State Committee for Statistics] operational information anthology for the past six months it costs nothing to draw a very cheerful picture. In June industrial output was higher than in

May, by 1.7 percent, capital investments rose 13 percent, the commissioning of housing increased 250 percent, retail trade turnover rose 8 percent, exports to countries of remote foreign parts increased 7 percent, average wages rose 10 percent while the operational consumer prices index rose only 5 percent (incidentally, that is the lowest indicator in the two and one half years of reforms and is an undoubted achievement) and the number of unemployed remained unchanged.

It is just as easy to draw a gloomy picture, you only have to cite not the June figures compared to the May figures but the figures for the entire six months compared to the same period last year. The gross domestic product was 17 percent lower than last year, industrial output declined 25.8 percent, capital investments have declined 27 percent, the commissioning of housing has dropped 6 percent, the volume of paid services to the population has declined 47 percent, the number of unemployed has risen 15.4 percent, and only the figures for the growth of exports and the slowing down of inflation give grounds for optimism.

How to explain the contradiction? As for the volume of industrial output, it is easy to explain. The drastic decline did indeed occur but not in the most recent months but last summer and in the January of this year. Since January there have been fluctuations at approximately the same level: Stagnation in February, growth in March, April, and June, and decline in May. Whether we have "bottomed out" and whether a production surge or slump lies ahead can hardly be accurately predicted.

Let us note, however, that industrial growth now depends mainly on effective demand. If there is a demand almost any enterprise can increase production. That is a normal limiting factor familiar throughout the world. Here the operational forecast depends primarily on the movement of prices and reserves. And here there are indirect grounds for cautious optimism: In June 47 percent of Moscow enterprises polled reported surplus stocks—still a very high indicator but nonetheless the best in the past eight months. The intention to increase wholesale prices was announced by 38 percent of enterprises—the lowest indicator since March 1992. Inflationary expectations are declining—that is if not an adequate at any rate an essential condition for further growth.

Working More To Earn More

Social indicators are just as contradictory but as a whole more favorable than production ones. Average real wages (according to the May figures) were 18 percent lower than a year ago but real money incomes are 11 percent higher (9 percent higher in June). The explanation of this discrepancy is the second wage and other forms of earning. People are working more to earn more. While we accept this as a fact it is clear that these processes have both positive and negative aspects.

In June a kind of frontier was reached: The average wages throughout Russia, according to the assessment, were 200,000 rubles [R], and that is almost 1,000 times more than the average wage in the USSR in 1987—the last year of the old incomes policy. Since 1988 there has been the "Ryzhkov reform" with the liberalization of wages without the liberalization of prices and in that year the collapse of the market and the failure of the ruble began and by December 1991 the ruble had lost almost all its functions. Today the availability of goods for rubles is perhaps more reliable than in any year since 1928—when the New Economic Policy was ended. The coefficient for the markets' saturation with all types of goods is increasing and is close to 100. With a convenient wages increase index—of 1,000 times—we can easily see the level at which there has been a resurrection of the strength of the ruble (obviously behind the average figure there lie great individual differences. In particular the increase in pensions has lagged considerably behind the increase in wages).

The overall index by which commodity prices have increased in this time has obviously exceeded 2,000, which means that real wages have been more than halved. But there is an interesting picture with regard to individual goods. For instance, in Moscow eggs have increased nearly 1,000 times compared with 1987 yet in real terms they have become cheaper. The real price of sugar is far higher than before. But milk has increased approximately 2,000 times in price and bread approximately 3,000 times. They have doubled and trebled in price respectively in real terms. Electricity has increased slightly over 400 times in cost for some consumers (with electric cookers) while for others it has increased 300 times. That means that in real terms it has become approximately three times cheaper which of course does not encourage saving it. Real payment for the telephone has declined while rent for municipal housing, previously very low, has become simply symbolic. On the other hand the construction cost of new apartments (not to mention the auction cost) has increased 5,000-6,000 times and become astronomical. In social terms this dynamic is hardly rational; the state of affairs is even better for those who already have an apartment and even worse for those who do not. What is happening to prices for medicines can only cause anger: They are increasing far more rapidly than the overall prices index. But on the other hand many people will be reassured by the price of vodka: If R1,000 now is the same as R1 in the past then a bottle of Russian vodka in Moscow costs less than three "rubles." You cannot immediately remember when it was so cheap. Here the stores are full and the production of vodka has declined drastically. Of course, imports are having an effect but the main thing now is probably that many people are drinking less now that there is more to do with money than drinking it away.

Ruble as Means of Payments and Savings

Indeed, whereas in 1992 the population's savings were 5.3 percent of the monetary incomes and 13.9 percent in 1993, in the first half of 1994 some 19.1 percent of money incomes went into bank deposits and on the purchase of currency and securities. Russians spent 11.5

percent of their expenditure in May on the purchase of currency. There are no figures for June and it is still unclear whether this trend has already changed, but it should change. After all, the increase in the dollar rate in rubles for two and one half years now has been lagging markedly behind the dynamic of prices and consequently the dollar's purchasing power in Russia is declining. In June it was just 29.1 percent of its level in December 1992 and had declined even more compared with December 1991. It is clear that the dollar exchange rate was excessively inflated at that time when nothing could be bought for the ruble but now it is being normalized. The ruble's place in the economy is also being normalized. First its ability to be a means of payments was restored and now its ability to be means of saving is being restored. A kind of deposit giving a real positive interest rate has appeared not only in Lenya Golubkov's risky operations but also in the entirely respectable savings bank: It is a long-term deposit with the interest paid monthly. According to the figures of the Russian Federation Savings Bank in the first month of its operation deposits of this sort reached 9 percent of all deposits. Even since the rate was lowered to 9 percent a month, it remains really positive unless there is a drastic leap in inflation compared with June's 5 percent level.

And the restoration of the population's desire for ruble savings is a very important condition for the restoration of the entire economy's ability to make investments. That is all the more feasible in that there has been a drastic reduction in the cost of bank credit to enterprises. If it has come to that it is the decline in investments which is the pivot of the entire economic crisis and their likely upsurge is the key to normalization. Hence the entirely obvious "domestic chore" for the government: being concerned to encourage the investment activity of Russian capital with at least half the zeal which is displayed in the as yet futile attempts to attract foreign capital. SUrely we cannot hope to attract foreign investors when they see that Russian capital is being taken out of the country?

And one last interesting observation from the Goskomstat's six-month report. As we know, the Soviet governments of the eighties, having consumed the petrodollars, did not begin to manage the economy more sensibly but maintained the semblance of prosperity by rapidly increasing the foreign debt selling the gold reserve, and spending currency stocks, "succeeding" remarkably in all three areas. In 1992, the first year of the reform, this inertia was overcome only in part: The growth of the gold reserve was resumed, and enterprises started to have currency reserves but Russia as a whole used new credits for $11.6 billion, paying out only $2 billion to extinguish the foreign debt. In 1993 the sum of credits used was reduced to $6.4 billion and payments were $2.2 billion. In the first half of 1994 it is estimated that credits of $1.5 billion were used and payments to extinguish the debt amounted to the same sum. Here the Central Bank's currency reserves exceed $5 billion and there was considerably more currency in enterprises' accounts.

There is no denying that it is far harder to return debts than to run them up. But the economy's actual ability to make accumulations and not to eat into what has been accumulated attests to its returning health.

Military Issues

Chernomyrdin Views Defense Restructuring, Funding

LD1507100294 Moscow ITAR-TASS in English 0933 GMT 15 Jul 94

[Text] Moscow July 15 ITAR-TASS—Russia's specific conditions make any variant of structural policy dependent of the defence sector, Russian Prime Minister Viktor Chernomyrdin said at the meeting of the government here today.

According to Chernomyrdin, the government position on this score proceeds, on the one hand, from the need to fund the defence sector fully under the budget article dealing with national defence, and on the other, from the assumption that the restructuring of the defence sector calls for unswerving compliance with financial discipline. In addition, specialised extra-budgetary funds are being formed to solve the social problems facing the army and the navy. These funds get part of the resources generated by the privatisation campaign.

Chernomyrdin said that it was time to part with the practice of placing defence orders with enterprises with the sole purpose of keeping them busy, without even attempting to use their potential for civilian production. "By cutting the assortment of weapons to be produced, the government intends to concentrate defence orders on a smaller number of enterprises, making them more profitable and effective in this way," he said.

Grachev Approves Pay Raise for Civilian Staff bat[Moscow Radio]

LD1407194794 Moscow Mayak Radio Network in Russian 1830 GMT 14 Jul 94

[Text] Russian Defense Minister Grachev on 12 July signed a decree on raising pay for civilian personnel in the military administrative bodies of the armed forces. As of 1 July, official salaries of employees of the central apparatus of the Defense Ministry, branches of the armed forces and the headquarters, districts and navies are increased by 40 percent. A decree on raising the pay of remaining categories of civilian personnel in the army and navy will be prepared in the near future with consideration for the decision of Russia's Labor Ministry. The draft document is currently under review by the Labor Ministry.

Gromov on Week-Long Tour of Pacific Fleet

LD1407122494 Moscow Radio Rossii Network in Russian 1100 GMT 14 Jul 94

[Text] Admiral Feliks Gromov, the commander-in-chief of the Russian Navy, is on a working tour of the units of the Pacific Fleet. Here is a report from our correspondent, Olga Zhurman:

[Zhurman] Admiral Feliks Gromov, the commander-in-chief of the Russian Navy, together with a group of admirals and senior officers from Navy headquarters, will be spending about a week checking the state of battle-readiness of the Pacific Fleet, the condition of the ship repair operation, discipline among servicemen, and preparations for winter.

The commander-in-chief spent Wednesday [13 July] on the island of Russkiy, and today he visited garrisons in the southern part of Maritime Kray, including the site of the fire at an aviation depot near the settlement of Novonezhino—where the territory in the zone closest to the depot, within a radius of two kilometers, has now been cleared of 70 percent of the ammunition scattered by the explosion. In absolute figures this means that 2,904 pieces of ammunition have been destroyed.

Incidentally, the Pacific Fleet is currently testing a television system for continuous monitoring of the safety of firearms and ammunition, called Vikont. If the tests are successful, the system will be installed at several arsenals in Maritime Kray.

The commander-in-chief of the Russian Navy also visited the town of Shkotovo, populated mainly by navy families, today. The social problems facing this town include one of which the people of Maritime Kray are well aware: There has not been a single winter recently when the inhabitants have not complained about the cold in their apartments. For this reason, Shkotovo is a prime example of the social problems facing navy personnel, which are to be discussed at a meeting of the Ministry of Defense collegium on 25 July. As for the collegium meeting itself, a Pacific Fleet press release observes that it is the first time in the history of the Russian Federation's Armed Forces that the issue of improving social facilities for Far Eastern service personnel and their families will have been considered at such a high level.

Border Guards Spurn Grachev Plan

MK1407103094 Moscow SEGODNYA in Russian 14 Jul 94 p 1

[Report by Yuriy Golotyuk under the "Security" rubric: "Grachev Would Like To Have 'Green Caps' Subordinated to Him. Border Guards Object and Ask President To Take Them 'Under His Wing'"]

[Excerpt] [passage omitted] The border guards themselves have an extremely negative view of Grachev's idea of resubordinating the "green caps" to him. Commenting on the latest Security Council meeting, a senior officer of the Main Staff of the Russian Federation Border Troops explained to your SEGODNYA correspondent that the proposition that they be attached to the Army is "at the least, not serious." In his view, "the current Russian borders are extremely unstable, the situation is fraught with serious complications. But look, if the border is protected by the Army, any emergency situation there means war; if it is border troops assigned to an independent agency, however, it will be simply a border conflict." Colonel Aleksandr Surov, press secretary of the Russian Federation Border Troops commander in chief, has said in an interview for INTERFAX that because of unique missions assigned to them and because the border troops have a special place in the system of national security, they should be subordinated directly to the Russian president.

At yesterday's Security Council meeting the border service chief also insisted that what Russia currently needs most is a thoroughly thought out, balanced, future-oriented border policy program. In the near future Russia will continue to aim, if possible, at protecting the CIS external borders. At the same time, however, it reserves the right—for instance, when its neighbors do not show interest in normal border cooperation—to take unilateral measures to protect its interests, as has been the case recently on its borders with Estonia and Azerbaijan.

Uranium Stolen in Siberia Not for Military Use

MK1507072094 Moscow NEZAVISIMAYA GAZETA in Russian 15 Jul 94 p 2

[Russian Federation General Prosecutor's Office Public Relations Center statement]

[Text] Moscow—Reports appearing in some of the mass media lately have spoken about an investigation by the law enforcement organs of a criminal case involving the theft of a large quantity of uranium from an enterprise of the Federal Nuclear Center in Siberia. Concern was voiced over the dangerous consequences of this metal getting out of specialists' control. The Russian Federation General Prosecutor's Office Public Relations Center advises in this connection that the prosecutor's office of the town of Snezhinsk (former Chelyabinsk-70) of Chelyabinsk Oblast did investigate a case of the criminal theft of uranium. The case in point involves the stealing of 5.5 kg of uranium-238 which, the specialists concluded, is absolutely unusable for military purposes. The uranium-238 was seized from the thieves in the course of investigation of the criminal case and transferred to the Federal Nuclear Center. At the present time, three participants in the theft have been charged by the Prosecutor's Office under Article 223-3 of the Russian Federation Criminal Code (theft of radioactive metals). They have been briefed on the materials of the criminal case. The case will be taken to court in the nearest future.

Problems in Restructuring Army Debated

MM1307122594 Moscow KRASNAYA ZVEZDA in Russian 13 Jul 94 p 2

[Report by Anatoliy Dokuchayev of KRASNAYA ZVEZDA: "Military Reform: Outlines of Third Stage Drawn Up"]

[Text] The military-scientific conference held at the Russian Defense Ministry 8 July confirmed the firm intention of the Armed Forces leadership to complete the reform of the Army and Navy despite the existing objective difficulties.

1. The holding of the military-scientific conference, whose purpose was to discuss possible directions in the development of the Armed Forces in the long term—through the year 2000—was prompted by two groups of factors.

First, today, when the second stage of the reform has entered its final phase, there is a pressing need to determine the optimum paths of development of the Armed Forces after 1995, that is, to decide the face with which they will enter the 21st century. The advanced studies of Russian military-scientific centers and state structures dealing with the solution of defense questions must be involved in this. I would note that representatives of military science, the Federal Assembly, the Presidential Staff, the Russian Federation President's Security Council, and the government took part in the conference alongside Armed Forces leadership personnel.

Furthermore, the Defense Ministry leadership believes that the sooner tomorrow's actions are calculated, the fewer problems there will be in military organizational development. It was this that determined the timing of the military-scientific conference (the first was held two years ago). And also the fact that analysis of the first two years' development of the Russian Army was completed by early July, and the conference summed up the result of what had been done. The main report (it was delivered by Colonel General Viktor Barynkin, chief of the Main Operations Directorate and deputy chief of the Armed Forces General Staff) was entitled: "Results of the Organizational Development of the Armed Forces and Main Directions in Further Development Through the Year 2000."

The second group of factors that influenced the holding of the conference was clearly defined by Defense Minister Army General Pavel Grachev, who chaired the scientific forum. He noted that life itself is making certain adjustments to the existing plans and schemes, and so many questions of Army reform are having to be rethought. Thus in 1992 no one supposed that it would be necessary to deploy military bases outside Russia, to create the Kaliningrad special region, to reform the air defense system of the country and the Armed Forces, and to increase the role of military districts. Russia's grave economic and financial position has made its mark on the organizational development of the Armed Forces.

The plans for the organizational development of the Armed Forces that were made two years ago are having to be rethought because of changes in the domestic political and foreign political situations, and also because of funding, which has been significantly cut. Army General Pavel Grachev described as "disastrous" the reduction in the military budget, which he says is leading if not to the destruction then to a decrease in the level of combat and mobilization readiness of the Armed Forces. Underfunding of defense needs was the reason why adjustments were made to the defense order for 1993 and 1994, leading to a significant decrease in deliveries of arms and military equipment.

"Nevertheless, despite the existing difficulties and problems," the defense minister emphasized, "we can neither delay nor stop the reform of the Armed Forces, so special importance attaches to this military-scientific conference." By holding the conference on elaborating the main directions in military organizational development the Defense Ministry leadership confirmed its firm intention to complete the reform of the Armed Forces and to create an Army and Navy consonant with the demands of the present military-political and strategic situation in the world and trends in their development and the real extent of the military danger to Russia.

2. So what were the main conclusions of the military-scientific conference?

The reform is entering an active phase and is leading the Armed Forces toward radical restructuring. In particular, a new branch structure is planned. As is well known, at present we have five branches of the Armed Forces—the Strategic Missile Forces, the Ground Forces, the Air Defense Forces, the Air Force, and the Navy. The Military-Space Forces and Airborne Forces are separate combat arms.

But the structure of our Armed Forces will soon change. How? The defense minister outlined the new structure in conversation with journalists. Army Gen. Pavel Grachev noted that "the transition to a new Armed Forces structure before the year 2000 is fundamental today." The Armed Forces will probably consist of four branches: the Strategic Missile Forces, the Air Force, the Ground Forces, and the Navy. After the year 2000 there may be a switch to a three-branch structure of Armed Forces—Air and Space Forces, Ground Forces, and Navy.

What has led to the emergence of views that the number of branches of the Armed Forces should be reduced? In a nutshell, the need to enhance efficiency in the control and use of troops and naval forces and to reduce the strength of control structures.

As the reader has noticed, the Air Defense Forces may no longer exist as a branch of the Armed Forces and air defense is no longer the domain of a single branch of the Armed Forces. Furthermore, today we have several

structures responsible for air defense—the Air Defense Forces, the Ground Forces Air Defense Forces, Navy air defense systems, and Air Force fighter aviation. However, their efforts are not coordinated, and they often duplicate each other. Moreover, today the Russian Army cannot afford, so to speak, to maintain this kind of structure. So it is proposed to distribute the forces and systems of the Air Defense Forces among other branches of the Armed Forces, in particularly between the Ground Forces and the Air Force, and the commanders of military districts will be responsible for air defense and will have control of all air defense systems.

With the change in the branch structure, it was stressed at the conference, it will be necessary to improve the system for the control of troops (forces) and weapons.

In the context of the radical reform of the Armed Forces, questions of their reduction and the reduction of control organs were raised during the debate. The defense minister noted that this process must be smooth and must not find expression in a decrease in combat readiness. Army Gen. Pavel Grachev stressed that the decision to cut the Army to 1.917 million men by the end of the year will be implemented by as early as 1 October. And in the future it will be cut to 1.5 million men. As already repeatedly reported in the press, units that have become obsolete in the direct sense of the word and in no way benefit the combat readiness of the Army and Navy will be disbanded. The process of cutting the staff of Defense Ministry main and central directorates and main commands has already begun. According to the defense minister, this process must take place "within sensible bounds." It was stressed at the conference that there is also a need for a sensible reduction in research institutes and military higher educational establishments. For instance, the potential of military academies considerably exceeds the requirements of the troops, so the question of merging and cutting them arises.

The implementation of these measures and a number of others, as the participants in the debate noted, will make it possible to optimize the composition and structure of the Armed Forces, to give them a modern face, and to enhance combat readiness.

3. It can be said with confidence today that the outlines of the Russian Armed Forces of the 21st century have been decided. However, I would emphasize that the conclusions reached at the military-scientific conference are merely one stage in checking the optimum conceptual paths for the development of the Armed Forces that have been elaborated. As the defense minister noted, there will be further careful analysis of the results of the discussion. Incidentally, Army Gen. Pavel Grachev himself, as the course of the debate showed, has clearly made up his mind about the option for the new branch structure of the Armed Forces. However, he noted that all the proposed options will be studied, and there are several of them. The General Staff also occupies a similar position, as Col. Gen. Viktor Barynkin stated: In order to prepare a final decision on the future structure of the Armed Forces, we will have to thoroughly study and calculate (from the financial viewpoint) all the proposed options. The considered approach with which the Armed Forces leadership is approaching the future prospects is natural. An extremely responsible decision has to be made which will determine the state of our country's defenses for decades. There must be no mistake here. "Check your measurements seven times, you can only cut once"—I don't think that proverb is very applicable to the job in prospect. I think we should check our measurements 100 times and only then reach a decision.

The existing branch structure took shape over the decades through the efforts of a huge state. Trillions of rubles were spent on creating the system for control of the Armed Forces, command posts, and systems of strategic deterrence. So it is exceptionally important for their reform not to be a heavy burden on the country and at the same time for it to enhance the country's defense capability. I am forced to mention this by the repeated unsuccessful reforms of the Air Defense Forces in the Soviet Armed Forces, which had no results except the expenditure of billions of rubles.

The debate at the conference showed that the leadership of the military department is confident that the correct decision will be made. The conclusions that were reached in Col. Gen. Viktor Barynkin's report were based not only on the calculations of the Defense Ministry's scientific centers but also on the experience of the whole series of large-scale strategic exercises and training sessions that the Armed Forces leadership has consistently held over the last two years. Thus the "West," "Center," and "East" command-staff exercises and strategic training sessions on repelling attacks from air and space, and on controlling the Strategic Nuclear Forces and the Armed Forces were held in 1993. Around 100 operational exercises and training sessions were held under the leadership of the commanders of branches of the Armed Forces and commanders of military districts. Several command-staff training sessions have been held this year and over 10 have been held at the operational-strategic level, and regional command-staff exercises—"Baykal" and "Northwest"—have taken place.

As well as rehearsing collaboration among control organs and troops, these training sessions have set and continue to set research tasks and verify in practice the new views on the military organizational development of the future.

Nevertheless, I repeat, it is an extremely responsible task to determine the composition and structure of the Armed Forces for decades, so the Armed Forces leadership is displaying a considered and cautious approach. A doubly considered approach is prompted by the poor funding of the Army and Navy and of defense needs. When there is a shortage of financial resources it is difficult even simply to cut individual units. I would like to note that the aim of the reform is not to reduce the Armed Forces, as some state functionaries, deputies, and

analysts believe, but to optimize them, enhance combat readiness, and restore Russia's military might to a level that friends, partners, neighbors, and finally foes will all reckon with.

Despite the complexity of the problem examined at the conference, the leadership of the military department will have to make a decision this year. The elaboration of the blueprint for the organizational development of the Armed Forces in 1996-2000 and for the long term through 2005 must be completed by the end of 1994 and submitted for approval to the president.

Well, dear readers, we may soon begin to get used to the new names of the branches of our Armed Forces and the new abbreviations, and hard, painstaking work to implement the plans that are emerging today will begin in the Army and the Navy.

In conclusion, here are the topics of some of the reports at the conference: "Possible Military Threats to Russia in 1996-2000 and Conceptual Theses of Military Security. Main Directions in the Organizational Development of the Armed Forces of Leading World States"; "Analysis of the Economic Conditions Influencing the Organizational Development of the Russian Federation Armed Forces and Definitions of the Main Restrictions on and Requirements for the Structure of the Armed Forces"; "The Nature of War and Armed Conflict in Present Conditions. Future Groupings of Troops and Forces and the Main Forms and Methods for Using Them"; "On Problems in Separating Leadership Functions According to the Administrative and Operational Principle and the Transition to a Three-Branch Structure in the Armed Forces"; "Basic Principles of the Russian Federation's Military-Technical Policy Through the Year 2000 and the Reorganization of the System for Placing Orders for Arms and Military Equipment"; and "Main Directions in Developing the Personnel Training and Military Education Systems."

The conference was addressed by: Lieutenant General Gennadiy Ivanov, assistant to the defense minister for military policy and chief of the Defense Ministry Directorate for Military Organizational Development and Reform; Lieutenant General Sergey Bogdanov, chief of the General Staff TsVSI [expansion unknown]; Colonel General Anatoliy Sitnov, Armed Forces chief of armaments; Vladimir Yarmak, assistant to the first deputy defense minister; Lieutenant General Aleksandr Skvortsov, deputy chief of the General Staff Military Academy for scientific work; Colonel General Vladimir Churanov, chief of the Armed Forces Rear Services; Colonel General Fedor Kuzmin, chief of the Frunze Military Academy; and others.

The results of the discussion will be conveyed in generalized form to the president and government.

Federal Assembly

Duma Attacks U.S. Senate Resolution on Estonia

LD1507100394 Moscow ITAR-TASS World Service in Russian 0913 GMT 15 Jul 94

[By ITAR-TASS correspondent Vladimir Taranov]

[Text] Moscow, 15 Jul—The U.S. Senate's adoption of a resolution withholding additional economic aid to Russia if the Russian troops are not withdrawn from Estonia before 31 August appears to be aimed at undermining the efforts to establish good-neighborly relations between Russia and Estonia, which is the prerogative of our two states. This is said in a Russian Federation State Duma statement, adopted today by a majority vote.

The State Duma condemns the resolution as a attempt to interfere in the internal affairs of sovereign states, which is detrimental to the search for a constructive solution to Russian-Estonian problems and undermines Russian-U.S. relations.

Zhirinovskiy Calls on Duma To Reprimand Shakhray

LD1407143394 Moscow Russian Television Network in Russian 1200 GMT 14 Jul 94

[Report by correspondent A. Pishchayev; from the "Vesti" newscast]

[Text] In accordance with an unwritten tradition, deputies [Aleksandr] Nevzorov and, a little later, [Vladimir] Zhirinovskiy were just about the first to take the floor in the Duma today. Nevzorov proposed that the Duma's recess be cut from two months to one, with the Duma returning to work in September. The proposal was rejected. Zhirinovskiy proposed that the Duma should reprimand [Sergey] Shakhray, who is both a [Duma] deputy and a deputy premier responsible for regional policy, on the grounds that Vladimir Volfovich was refused admission to Tolyatti—or so he claimed. The proposal that Sergey Shakhray should attend a Government Hour to be held at the end of the session was also rejected.

Deputies complained that they are denied access to some buildings and that they were forced to undergo body searches in the Kremlin. In response to this Speaker Ivan Rybkin, remarked that body searches should also be instituted in the Duma. He said that many deputies are in the habit of carrying firearms.

Today's legislative activity began with the draft law on amendments and additions to the RSFSR law on land payments. Aleksandr Nazarchuk, chairman of the Committee on Agrarian Issues, who spoke on this subject, stressed that only one-sixth of the money raised from land taxes ended up in the federal budget. The proposed amendments would substantially change this. However, deputies regarded this initiative as an attempt to

encroach on the interests of local authorities and rejected the proposed amendments. [passage omitted]

Duma Demands Resignation of Government Chief of Staff

LD1507083994 Moscow ITAR-TASS in English 0723 GMT 15 Jul 94

[By ITAR-TASS correspondent Ivan Novikov]

[Text] Moscow July 15 TASS—The Russian State Duma demanded the resignation of the government chief of staff, Vladimir Kvasov, after lawmakers were not allowed to attend a government meeting in the Kremlin which discusses on Friday the results of economic development in the first half on 1994.

277 lawmakers supported the proposal submitted by the speaker of the Duma.

Deputy Speaker Artur Chilingarov was instructed to inform the government about the Duma's demand.

President Boris Yeltsin has recently bitterly critised the work of the government staff and it was widely alleged that Kvasov might be sacked. However, this did not happen and Kvasov made it clear in a newspaper interview that he would retain his post.

Duma Debates Raising Pension Benefits

MK1507091094 Moscow SEGODNYA in Russian 15 Jul 94 p 2

[Report by Aleksey Kirpichnikov under the "Duma" rubric: "Pensions Will be Increased Nearly 50 Percent. 'Skinflints' and 'Humanists' Strike a Compromise"]

[Text] Yesterday, weary of discussing the post-voucher privatization the day before, State Duma deputies passed a series of documents without much pain. First to be passed was a law "On Amendments to the RSFSR Law 'On Land Rent'." Just one thing that caused argument was whether health and vacation resorts should be exempt from this rent. The "humanists" insisted on this preferential treatment, invoking social justice and the prohibitive cost of going to these institutions, among other things. The "skinflints" pointed to the danger of such an exemption now that the Federation components' and local budgets have been all sewn up, accusing their opponents of lobbying for the interests of trade unions and the other owners of vacation and health spots. As a result, the "humanists" were short several votes, and sanatoriums will have to pay the land rent after all.

The notorious law, "On the Procedure for Coverage of Activities of the Organs of State Power in the State-run Mass Media," for that matter passed its third reading swimmingly and was instantly sent to the Federation Council for final (before the president) approval.

A minor conflict occurred during the first reading of the seemingly innocuous draft law "On Fire Safety." Somewhat unexpectedly, some "Russia's Choice" deputies took issue with the document drafters who let the fire service remain part of the Ministry of Internal Affairs structure, and suggested that it be subordinated to the Ministry for Emergency Situations, arguing even that "fire safety" is a political question. Their opponents from the Communist Party and the Liberal Democratic Party—Zhirinovskiy's Party, however, stood up for the Ministry of Internal Affairs to remain the masters of this country's fire extinguishers and fire dousers.

The most acute argument flared up around the passing of the law on raising and indexing the minimum pension level. The situation was made even more charged by the fact that the Duma had to make the decision in a hurry so that the raised pensions would be available as early as 1 August. Not just two, but three attitudes to money and people clashed. The first one—the stance of the Finance Ministry and the Pension Fund, consisted in a proposal to raise the minimum pension to 21,800 rubles [R] and to index pensions by a factor of 1.15. Deputy Finance Minister Pavel Kaminskiy said that, as the government saw it, it would be wise to index pensions by a factor of 1.3, but the real financial conditions of the Pension Fund make it possible to plan only for a 15-percent indexation. Kaminskiy boasted that since the previous indexation in May the executive authority managed to markedly improve the structure of pensions paid: to decrease the share of veterans getting minimum pensions, to increase the number of those getting maximum pensions, and to come close to attaining the optimal proportion of one to three between the maximum and the minimum pensions provided for in the pension law.

Pension Fund Board Chairman Vasiliy Barchuk dismissed charges that the government borrows money from the fund, but admitted that regional authorities sometimes try to do so and that such attempts are cut short resolutely. Barchuk supported Kaminskiy in that it is impossible to index pensions by more than 15 percent owing to the absence of real funds.

Sergey Kalashnikov, chairman of the Duma Labor and Social Support Committee, insisted, however, on a 40-percent indexation and on raising the minimum pension to R28,700 (the minimum wage of R20,500 multiplied by 1.4). Kalashnikov indicated that the government owes the Pension Fund half a trillion it had committed toward social payments compensation.

The third version of the document came from the well-known jurist Isakov; the other humanists sided with him, leaving what the Duma Labor Committee proposed far behind. It proposed to increase the indexation factor to 2.8 and the minimum pension to R54,000 correspondingly. The impracticable nature of these figures did not deter Isakov in the least. He also moved that Kalashnikov's project should be put to a vote. After it passed by 335 out of 338 votes, he suddenly proposed—in violation of all previous commitments—that more humanism

should be shown after all and the minimum pension be increased to 36,000. Sure enough, this action was not met with approval.

During the recess it was curious to see Sergey Kalashnikov, a member of Zhirinovskiy's Liberal Democratic Party, trying to cheer up government officials Pavel Kaminskiy and Vasiliy Barchuk, saying that while his 1.4 would of course make their life harder than the 1.15 would, let them pray to God that Deputy Isakov had no time to go as far as he could with his 2.8.

Duma Adopts Draft on Amendments to Banking Law

LD1407220494 Moscow ITAR-TASS World Service in Russian 1507 GMT 14 Jul 94

[By ITAR-TASS correspondent Pavel Kuznetsov]

[Text] Moscow, 14 Jul—The State Duma today adopted the draft of the federal law "On changes and amendments to the RSFSR law 'On Banks and Banking in the RSFSR'." According to its authors, the draft law brings the banking regulations into line with contemporary economic demands.

Presenting the document, Pavel Medvedev, one of its authors and chairman of the banking legislation subcommittee of the Duma committee for the budget, taxation banking and finance, noted that the document aims to regulate relations between the banks and their clients, between the banks themselves, and between the Russia's Central Bank and commercial banks. The notions of a "bank" and a "credit institution" are being clearly defined.

There will be stricter control over the setting up of self-styled "pseudo" banks as well as procedures for closing them down.

Measures to be taken by the Central Bank against commercial banks in case of their violating the law are specified more clearly. Sanctions are introduced which do not involve a bank losing its licence so that the interests of its clients are not affected.

The document makes it compulsory for banks and credit institutions to disclose information relating to the terms of banking transactions. It is also compulsory to provide information on possible risks connected with a given transaction. At the time of the transaction and at a customer's request, banks and credit institutions should provide full information on the bank's current financial state.

Under the draft law, relations between the Russian Federation Central Bank, other banks and credit institutions and their clients are conducted on the contractual basis. The contract should clearly specify interest rates for credits and deposits, the costs of banking services and the dates of expiry, the damages to be paid by the sides for breaking the terms of the agreement including liabilities for being in breach of the obligations regarding the payment schedules, as well as procedure for dissolving the contract.

The draft law was today adopted by the Duma at its first reading in spite of the statement by the chairman of the Central Bank Viktor Gerashchenko who attended the debate, in which he said that the document should be considered only as a package with the draft law "On the Central Bank of Russia". In Gerashchenko's opinion, the law on the Central Bank should be the basis, and the draft law adopted today should "correspond to it to a great extent."

Duma Passes Draft Law on Use of Mineral Resources

LD1407212894 Moscow ITAR-TASS World Service in Russian 1457 GMT 14 Jun 94

[By ITAR-TASS correspondent Pavel Kuznetsov]

[Text] Moscow, 14 Jul—The State Duma today passed at first reading the federal draft law on Amendments and Additions to the Law of the Russian Federation [RF] on Mineral Resources. This bill introduces amplifications and additions to aspects of mineral resource usage which have been forwarded in keeping with the constitution of the RF, the changing economic and political conditions, the elevation of the powers of the subjects of the RF and the need to conduct a common federal policy on use of mineral resources.

The document sets out the principal regulations regarding state ownership of mineral resources and various forms of ownership of mineral derivatives. The document stipulates that mineral resources and rights to their use cannot be bought, sold, donated, inherited, invested, pledged, or alienated in any other way by the user to third persons. Resources obtained from mineral resources may constitute the state property of the RF, the property of subjects of the RF or municipal, private or other property.

The bill introduces classifications of sites for mineral resources for federal, regional, and local areas and relevant powers for state bodies to issue licences for the right to use mineral resources.

Moreover, the document provides for the possible transfer of rights to use mineral resources and the reissuing of documents as well as the right to own property created by the mineral resource user.

Regional Affairs

Yeltsin Meets Regional Governors

LD1407120594 Moscow ITAR-TASS World Service in Russian 1110 GMT 14 Jul 94

[Text] Moscow, 14 Jul (ITAR-TASS)—Boris Yeltsin received a group of heads of oblast administrations of

the Russian Federation who represent the "Governors of Russia" Union, in the Kremlin today. Views were exchanged on topical issues of domestic political life and the course of economic reforms. This was reported by the Russian president's press service.

Proposals by the "Governors of Russia" Union on clarifying its place and role in economic and sociopolitical processes at a regional level were discussed in detail.

Yeltsin gave his backing to the request by the heads of administrations for regular meetings to be held with representatives of the governors' union. Agreement in principle was reached on the procedure for cooperation between the heads of kray and oblast administrations and the local federal authorities and their participation in managing state property. It was agreed that the Russian president would issue the appropriate edicts on the decisions passed.

The participants in the conversation informed Yeltsin about the implementation of Russian presidential edicts on developing agriculture.

Navy Chief Arrives To Inspect Pacific Fleet

OW1507011994 Vladivostok Radio Vladivostok Network in Russian 0210 GMT 14 Jul 94

[From the "Lunch Hour Break" program]

[Text] Feliks Gromov, Commander in Chief of the Russian Navy, arrived in Vladivostok yesterday. He is on a working visit to the Far East with the aim of checking the combat readiness of the Pacific Fleet, preparations for winter, and the progress in the elimination of the consequences of the explosion in Novonezhino.

Yesterday, the commander in chief and the officers accompanying him visited the units on Russkiy Island. Today, Feliks Gromov and his retinue are visiting the fleet garrisons in Novonezhino and Shkotovo, in southern Maritime Kray.

Commander Says Baltic Fleet Vital to Interests

WS1407134694 Kaliningrad KALININGRADSKAYA PRAVDA in Russian 8 Jul 94 p 2

[Interview with Admiral Vladimir Yegorov, commander of the Baltic Sea Fleet, by Captain V. Gromak; place and date not given: "A New Face for the Baltic Sea Fleet"]

[Excerpt] [Gromak] On the first day of summer, the Russian flag was lowered at the Liepaya naval base. The last day of this summer will also be the last one for the stationing of Russian sailors in all three Baltic states. What is next? What will the fleet be like after the process of withdrawing forces is completed?

[Yegorov] First and foremost, the fleet has to remain a single operational strategic formation of the Russian Armed Forces in the Baltic Sea to protect the interests of Russia in this region.

Of course, the fleet's profile will be different than before the withdrawal from the Baltics, where we will still have four bases, three airfields, and many (15 to even 80 percent) military infrastructure facilities—signal office centers, ship repair yards, surveillance posts, navigation and hydrographic support facilities in the Baltic Sea, and warehouses.

We have, however, completely withdrawn both our warships and auxiliary ships, all planes, trucks and cars, and equipment, all of which will be deployed in Kaliningrad and Leningrad Oblasts. The stationing will surely be not so convenient, but that is our only loss.

[Gromak] Maybe the scale-downs should be continued to make the stationing more convenient?

[Yegorov] Aside from Russia, nine other states have access to the Baltic Sea, and the most important components of their Armed Forces are their navies. Despite economic difficulties, Estonia, Latvia, and Lithuania have also moved to establish their own navies. This is quite logical— in our turbulent times, every state should be prepared to protect its interests, both at sea and on the ground. This also applies to extracting oil on the continental shelf and protecting the fishing industry and civilian ships. So, Russia has to have a modern fleet in the Baltic Sea to protect its security and state interests.

[Gromak] What will the fleet be like?

[Yegorov] The Baltic Sea Fleet will consist of two, Baltic and Leningrad, naval bases, one combined unit of large surface ships, one combined unit of auxiliary and rescue ships, the Navy's air force, coastal troops, and logistic support units. Meanwhile, the Baltic Squadron of general troops and a combined unit of landing ships will be disbanded.

[Gromak] Does this mean that beside the disbanding and scale-downs, the fleet will be reinforced by the Leningrad Naval Base?

[Yegorov] As a matter of fact, the Leningrad Naval Base is already, to a great extent, subordinated to the fleet. With Lithuania and Belarus now independent states, the remoteness of Kaliningrad Oblast from other Russian regions has become a fact. This created an acute need for a base that would accumulate supplies and prepare reserves on the Russian mainland. The Leningrad Naval Base will play the role of such a logistics base. [passage omitted]

Some Pacific Fleet Servicemen Unpaid Since Mar

MM1407101194 Moscow KRASNAYA ZVEZDA in Russian 13 Jul 94 p 1

[Report by Andrey Gavrilenko: "Empty Pockets and Not Many Apartments"]

[Text] Vladivostok—Officers and warrant officers at certain Pacific Fleet military construction detachments have not received their pay since March.

Colonel Vitaliy Kondratyuk, the "Dalvoyenmorstroy" acting deputy chief for economic issues, reported that the Defense Ministry is currently providing only 48 percent of the funding for military construction workers. For its part, the "Dalvoyenmorstroy's" debts to its customers exceed 19 billion rubles. Only 15 percent of the housing due for commissioning by the fleet has been commissioned since the start of the year.

State of Emergency Extended in North Ossetia

LD1407111994 Moscow ITAR-TASS World Service in Russian 1040 GMT 14 Jul 94

[By ITAR-TASS correspondent Valeriy Shanayev]

[Excerpt] Vladikavkaz, 14 Jul—The state of emergency in force in parts of North Ossetia has been extended for another two months. Imposed in accordance with a Russian presidential edict, it was due to expire on 31 July. The decision, which was taken today by a session of the republic's Supreme Soviet, applies to parts of Mozdokskiy, Pravoberezhnyy, and Prigorodnyy Rayons, as well as the outskirts of Vladikavkaz. The state of emergency is being extended in these areas from 1400 31 July to 1400 30 September 1994. [passage omitted]

Tatarstan, Komi Sign Friendship Treaty

MM1507093194 Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 94 First Edition p 6

[Report by Eduard Akhmadeyev: "Knot in the Braid"]

[Text] M. Shaymiyev, president of the Republic of Tatarstan, and Yu. Spiridonov, head of the Republic of Komi, met in the Kazan Kremlin to sign a Treaty of Friendship and Cooperation between the two republics.

Links between Tatarstan and Komi go back a long way. In the sixties, when the question of the development of oilfields in Komi was raised, the first to respond and come to its aid were the highly skilled oilmen of Tatarstan. Around 26,000 Tatars are living and working in the republic, which is renowned for its timber, coal, oil, titanium, and many other resources. It is the fourth largest diaspora.

Yuriy Spiridonov, head of the Republic of Komi, nationally elected to the post only 10 days before the visit to Kazan, noted in his opening speech that the signed treaty is the foundation for closer links and direct contacts between enterprises in the two republics. And he described the system whereby treaties of this kind are concluded between regions as the braid that binds and strengthens the Russian Federation.

Tatarstan President M. Shaymiyev said that the republic attaches enormous importance to treaties and agreements of this kind, which are certainly effective, primarily in restoring links that have been destroyed.

Answering journalists' questions, Yu. Spiridonov spoke favorably of Tatarstan's experience in signing a Treaty on Demarcation of Powers with Russia and announced that a working group had already been set up in Komi to prepare a similar document.

Support Expressed for Agrarian Party in Volgograd

MM1507092694 Moscow SELSKAYA ZHIZN in Russian 14 Jul 94 p 1

[Report by Pavel Yemelin: "Rally in Kuzmichi"]

[Excerpts] Volgograd Oblast—There was a keen and frank discussion in the settlement of Kuzmichi in Volgograd Oblast last week at a meeting held as part of the All-Russian rural rally. M.I. Lapshin, chairman of the Agrarian Party of Russia and leader of the party's parliamentary faction, and faction members G.A. Medentsov and V.N. Plotnikov, State Duma deputies from Volgograd Oblast, delivered reports on the work of deputies to workers of the "Kuzmichevskiy" Limited Partnership. [passage omitted]

"In the context of the present political course, the situation in the agro-industrial complex is not improving," M.I. Lapshin stated bluntly to the audience. The Agrarian Party leader urged the Kuzmichi people to take politics seriously and unite around the Agrarian Party—the only political force today which defends the peasantry's interests consistently and firmly.

Whom will the Agrarian Party nominate for the post of head of state at the forthcoming presidential elections? This question is raised at practically every meeting with the Agrarian Party of Russia leadership. The Agrarians' position here is clear: Russia will be saved not by leaders but by the joint efforts of progressive political parties accountable to the people and the voters.

On the same day the Agrarian Party deputies met with the rural aktiv of Volgograd Oblast and workers of the poultry farm named for the 62d Army. They discussed the same problems—the urgent ones. And judging by the reaction that it received, the position of the Agrarian Party and its faction in the Duma is meeting with understanding and support.

"You only have to look closely," Yu.N. Frolov, the poultry farm director, said impassionedly. "It is time to join the Agrarian Party and get things done."

I do not think I would be wrong if I said that these words by this prestigious leader reflect the mood of the majority of workers in the agro-industrial complex.

Bryansk Forms Interior Troop Fast Response Unit

LD1407180694 Moscow ITAR-TASS World Service in Russian 1022 GMT 14 Jul 94

[By ITAR-TASS correspondent Oleg Artyushin]

[Text] Bryansk, 14 July—The creation of a special fast response subunit has been started on the basis of an escort regiment of interior troops stationed in Bryansk. The new formation's main tasks include providing assistance to the oblast directorate of internal affairs in protecting public order and preventing mass disturbances. For these purposes the regiment will receive up-to-date armored vehicles and special equipment.

The ITAR-TASS correspondent was told by Lt-Col Aleksandr Alekseyenko, the regiment's deputy commander, that the change is dictated also by the border status of the region, which attracts the attention of numerous criminal groups.

In the course of the next 18 months, Lt-Col Alekseyenko went on to say, the regiment will hand over its duties of guarding corrective labor institutions and escorting prisoners to appropriate subunits of the oblast directorate of internal affairs.

Pavel Golubets, deputy commander of interior troops, and Georgiy Baskayev, commander of the Moscow interior troops district, intend today to acquaint themselves with progress in the creation of the new subunit.

Maritime Military, Industries Lose Power Supplies

OW1507080294 Vladivostok Radio Vladivostok Network in Russian 0210 GMT 14 Jul 94

[From the "Lunch Hour Break" program]

[Text] On Tuesday [12 July], Dalenergo Association began cutting off electricity supplies to its larger debtors. The Progres plant in Arsenyev and Dalpolemetal in Dalnegorsk were the first to cease receiving electricity. However, in the afternoon of the same day—that is Tuesday—electricity supplies were partially restored to Progres, since the management of Dalenergo and the Arsenyev plant were able to find a way out of the crisis.

Before the beginning of this program, we were able to obtain more specific information on the current situation from Vladimir Pasov, Dalenego's chief controller. He advised us that, currently supplies are being cut to kray military units and farm offices. Today, they were to cut supplies to major defense complex enterprises in the Vtoraya Rechka area of Vladivostok, however, this action was postponed for 24 hours in the hope that these enterprises will be able to find the money to settle the debt. The enterprises can borrow money at 170 percent interest, however, so far not many are hurrying to do so, since this is not advantageous to the enterprises. According to Vladimir Pasov, there are 15 major Maritime Kray enterprises in all on the list to be disconnected.

Wage Nonpayments Provoke Miners' Strike in Vorkuta

MM1507090394 Moscow IZVESTIYA in Russian 14 Jul 94 p 8

[ITAR-TASS report: "Local Strikes Flare Up in Vorkuta"]

[Text] Local strikes have once again started to flare up in Vorkuta because of delays over paying wages for the past few months and over vacation pay.

Whereas a few days ago one extracting section was on strike at the "Severnaya" Mine, on Tuesday some of the tunnelers of the "Zapolyarnaya" Mine were not working either, and work on constructing a new mine—the "Vorkutinskaya"—has been halted completely.

At the "Vorkutinskaya" Mine more than 100 miners of the First Mine Construction Administration of the "Pechorshakhtostroy" Combine are conducting a strike at their work places. Wages have not been issued to this administration since February. A client—the "Vorkutaugol" Association—owes this administration more than 2 billion rubles for work carried out. The mine is being constructed with centralized capital investments. But the Russian Ministry of Finance and the Coal Industry Department are not allocating funds, pleading a lack of them.

Southern City Mayors Oppose Land Privatization

MK1407095094 Moscow KOMMERSANT-DAILY in Russian 14 Jul 94 p 3

[Report by Aleksandr Bezmenov: "Regional Authorities See in Program Threat to Their Lands"]

[Text] Not only has the new state program for a post-voucher privatization become a debating point in the Duma, but it has also drawn a sharp negative reaction from the regional elites. They are displeased with the demand contained in the program to transfer plots of land to private owners on a speedy basis. Yesterday, the Association of Cities of Russia's South forwarded to the Russian Government a protest against putting the program into action.

The Association of Cities of Russia's South was formed in 1990 for the development of regional and local economic, political, and social programs. It brings together the mayors of Sukhumi, Yerevan, Kiev, and 24 cities in the Northern Caucasus.

The new program of a post-voucher privatization drawn up by the State Committee for the Administration of State Property [Goskomimushchestvo] and confirmed

by the government on 1 July has drawn an instant protest from the Association's members; the final decision to condemn the program finally jelled on 7 July. During the Association's sitting the mayors of Rostov-na-Donu, Krasnodar, Stavropol, Voronezh, Astrakhan, Nalchik, Makhachkala, Cherkessk, Armavir, and Gelendzhik voiced sharp disagreement with the Goskomimushchestvo ideas. Yesterday, the association's meeting forwarded its protest to the Russian Government.

As a matter of fact, the regional authorities object to Goskomimushchestvo's intention to sell plots of land in cities in accordance with the privatization pattern that applies to state-run enterprises. The mayors think the idea for a speedy transfer of plots of land to private owners infringes the interests of urban people and disrupts the manageability of municipal services. Besides, the city chiefs find that these provisions in the program are a violation of the Constitution and they infringe their right to be in control of urban territories.

Such a reaction to the privatization of plots of lands is rather logical. The right to control plots of lands is nearly the mainstay of the municipal authorities' economic power. (In fact it is this right that was one of the main causes of a recent conflict between Moscow Mayor Yuriy Luzhkov and Goskomimushchestvo Chairman Anatoliy Chubays). Remarkably, members of the association resort to rather ingenious arguments in upholding their positions. For example, they think the transfer of land to private owners would violate the principle of unity of municipal utilities, disrupt the implementation of investment plans, and all but paralyze the life of cities. As Rostov Mayor Mikhail Chernyshev remarked, any owner of land could oppose the building of roads, power lines, water pipes across his territory, or construction projects; a land owner's stubbornness could frustrate city development plans, break up the system of unified municipal services, and hamper the operation of urban infrastructure.

The association also refers to the fact that the question of dividing lands between federation components and the municipal authorities has not yet been finally resolved. Hence members of the association insist in their appeal on suspending the program until all land problems existing in Russian legislation have been finally regulated.

International Affairs

Economic Union Should Bring CIS States Closer

LD1407181094 Moscow Radio Moscow World Service in English 1500 GMT 14 Jul 94

[Text] The Ukrainian delegation has accepted all the issues of (as heard) the agenda for today's Moscow meeting, said Ukrainian Deputy Prime Minister Valeriy Shmarov before the CIS Coordinating (and) Consultative Committee began its session. On the top of the agenda is further reintegration, primarily in the economic sphere. The activities of the economic union should bring the CIS states closer together, Valeriy Shmarov believed.

Military Cooperation Accord Signed With Latvia

AU1507104594 Kiev URYADOVYY KURYER in Ukrainian 14 Jul 94 p 2

[Unattributed report: "Partnership in the Military Sphere"]

[Text] In the course of an official visit by the head of the Latvian military department in Ukraine that started on 12 July, the Ukrainian and Latvian ministers of defense signed an agreement on the Ukrainian-Latvian military cooperation.

The first document, which determined mutual relations in the military sphere between the two states, was signed by Vitaliy Radetskyy and Valdis Pavlovskis as a result of negotiations, which dealt with problems of building national armed forces, the participation of the two countries in the NATO "Partnership for Peace" program, and guarantees for European security. In the course of the meeting between the Ukrainian and Latvian military, the sides agreed to render each other assistance in the military, military-technological, military-scientific, and military-political spheres, as well as in the material and technological provision of the troops, training of the personnel, and renewal of the combat technology.

The ministers of defense held a joint news conference. Answering the questions by journalists, Vitaliy Radetskyy and Valdis Pavlovskis stressed, in particular, that military cooperation between Ukraine and the Latvian Republic is aimed at strengthening their sovereignty and general European security and not against neighboring countries.

On the same day, minister of defense of the Latvian Republic Valdis Pavlovskis met with chief of Ukraine's Armed Forces General Staff Anatoliy Lopata.

Kiev, Vienna Sign Space Cooperation Protocol

LD1407215594 Kiev UNIAR in Ukrainian 1455 GMT 14 Jul 94

[Text] Kiev, 14 Jul—The Ukrainian and Austrian space agencies signed a protocol on cooperation. The focus of talks between the two sides was an analysis of mutual experience in space matters, and possibilities for joint mutually beneficial projects.

National Affairs

Final Presidential Results Announced

LD1407165794 Kiev UNIAR in Ukrainian 1455 GMT 14 Jul 94

[Text] Kiev, 14 July—A certificate has been officially handed to Leonid Kuchma on his election the president of Ukraine. Chairman of the Central Electoral Commission for the election of the president of Ukraine Ivan Yemets performed this honorary duty at a sitting of the commission. Ivan Yemets congratulated President Kuchma and wished him courage and support on the part of the Ukrainian people in his responsible activities.

The chairman of the Central Electoral Commission made public the final results of the second round of the presidential election. According to the protocol, signed by all the members of the Central Electoral Commission, out of the 37,531,666 electors entered in the lists in all the 27 electoral districts (33,600 polling stations) 26,925,395 electors (71.74 percent) received ballot papers and 26,883,642 electors cast their votes (71.63 percent). "Therefore, in compliance with the law on the election of the president of Ukraine the election was valid in all the 27 electoral districts," summed up Yemets. Some 14,117,684 electors (52.14 percent of the entire number of those who took part in the voting) voted in favor of Leonid Kuchma and 12,756,277 electors (47.45 percent) voted him down. The difference in the number of those who voted "in favor" and "against" Leonid Kuchma is 4.69 percent of the overall number. Some 12,112,442 electors (45.06 percent) voted in favor of Leonid Kravchuk and 14,661,519 electors (54.54 percent) voted him down.

Addressing those present at the ceremony of handing the Certificate to Leonid Kuchma on his election the president of Ukraine, the president-elect said: "I would like to sincerely thank all the electors who placed their trust in me at this difficult time. Today I once again confirm that I will do everything possible to justify the trust placed in me, so as to instill the hope in the people of Ukraine for the future of our state. At all the posts which I have occupied I have been working honestly and selflessly and I will continue to work in the same manner at the president's post."

On Tuesday, 19 July, the newly elected president will be sworn in at a gala sitting of the Supreme Council of people deputies.

Kuchma Receives Certificate of Election

LD1407114694 Kiev UNIAN in Ukrainian 1120 GMT 14 Jul 94

[Text] Kiev [no date as received]—Leonid Kuchma received a certificate of his election as president of Ukraine in a formal ceremony on 14 July at the Central Electoral Commission. The president elect expressed his gratitude to those who voted for him. "I feel today that people need a powerful state, and I believe that we shall build a united sovereign Ukraine. For my part, I promise to adhere to the Constitution and to defend the interests of Ukraine."

Central Electoral Commission Chairman Ivan Yemets wished Kuchma courage in his difficult job.

To Be Inaugurated 19 Jul

LD1407164894 Moscow ITAR-TASS World Service in Russian 1626 GMT 14 Jul 94

[Report by ITAR-TASS correspondents Viktor Demidenko and Mikhail Melnik]

[Text] Kiev, 14 Jul—The inauguration of new Ukrainian President Leonid Kuchma will take place on 19 July. This decision has just been made by the country's Supreme Council.

Kuchma Set To Completely Reshuffle Administration

LD1407182994 Kiev UNIAN in Ukrainian 1710 GMT 14 Jul 94

[Text] Kiev [No dateline as received]—The newly elected President of Ukraine Leonid Kuchma today met members of the parliamentary group "Interregional Deputy Group" that was formed by the members of the Interregional Bloc of Reforms [Hrynyov-Kuchma bloc]. Leonid Kuchma spoke out for consolidating the personnel of the president's group in parliament and for expanding its numerical composition. The newly elected president proposed that special attention be paid to the by-elections to the Supreme Council on 24 July, so that "more proponents of reforms were elected to the Supreme Council." Leonid Kuchma assured those present that he will pay primary attention to his work with the Supreme Council. In particular, a special post is to be introduced at the president's administration to be held by a person who will work with parliamentary groups.

Leonid Kuchma emphasized: "New people with initiative should come to the leadership. I am going to completely reshuffle the president's administration. Apparently, there will be changes in the leadership of the Ukrainian TV and Radio Company."

Leonid Kuchma expressed the conviction that from the very first day of his inauguration he will conduct a policy line aimed at combating crime and corruption and establishing discipline and order in the economy. He also reaffirmed his readiness to consider in the very near future the projects of setting up a council in charge of women, motherhood, and childhood under the president, reorganizing the Ministry of Metallurgy and expanding small-scale privatization.

The newly elected president pointed out that he would certainly cooperate with Vitaliy Masol, the head of government. At the same time, he pointed out that he remained an adherent of a strong presidential power.

Leonid Kuchma also told the members of the "Interregional Deputy Group" that he was going to hold such meetings on a regular basis.

Views Country's Future, 'Economic Crisis'

AU1507101594 Hamburg DIE ZEIT in German 15 Jul 94 p 7

[Interview with Ukrainian President Leonid Kuchma by Maria Huber; place and date not given: "A Federal State Is Needed"]

[Text] [Huber] Leonid Davidovych [name as published], what does your election mean for nationalist-oriented Western Ukraine? Is the state's unity threatened?

[Kuchma] Not at all. There is no such imminent threat. And there is a way of preventing it in the future: We need a constitutional state. If the Ukraine becomes a constitutional state, all extremists, including right-wing extremists, will be called to account. No country can accept a situation where radical groups are acting out their militant ways and where this stage is then used by other forces hatching their plots.

[Huber] Can this constitutional state still be a centralist one, if all parts of Ukraine are to be kept together?

[Kuchma] The Crimean example has shown that the individual regions need more autonomy. Ukraine must become a federal state. But this is a task for tomorrow....

[Huber] ...what about today's task?

[Kuchma] We must stabilize our country's institutions. State power is completely disrupted.

[Huber] That is easier said than done. When you were prime minister you already had a hard time cooperating with a parliament that was unwilling to carry out reforms and with a government that was at odds. Will it be any easier for President Kuchma?

[Kuchma] We will see. But the economic situation leaves us no other choice than to come together and cooperate in a coalition of reason.

[Huber] Where will you begin your fight against the economic crisis?

[Kuchma] The first step will be settling money transactions between individual companies. They owe one another such enormous amounts of money that any

rational economic cooperation has become impossible. An immediate measure will have to be the reform of our tax system, as any business activity is being made impossible by the tax burden at the moment.

[Huber] How important is a closer cooperation with Russia in this connection?

[Kuchma] In international cooperation, Russia is not the single most important nation. Germany and the United States are equally important.

Paper Says Purported Kuchma Assassination Plan Plausible

MK1407093094 Moscow SEGODNYA in Russian 14 Jul 94 p 1

[Yuriy Selivanov report from Odessa in the "Viewpoint" column: "Kiev Generals Deny Possibility of Attempt on Leonid Kuchma's Life. Yet It is Quite Likely That SEGODNYA's Report Was Far From False"]

[Text] The Ukraine military department's press service has circulated in Kiev a statement categorically denying a report by our paper (see SEGODNYA No. 129) concerning the possibility of an attempt on Leonid Kuchma's life in the event of his election as president. The statement described information about this document as "crude falsification, aimed at discrediting the leadership of the Ukrainian Defense Ministry."

However, responsible sources, well informed about the mood at the top of the Ukraine military, believe that the probability that Skipalskiy, chief of the Main Military Counterintelligence Directorate mentioned in the story, could have advised not to prevent an attempt on the president elect's life is fairly high. This general is known as one of the most politicized military servicemen in the Ukrainian Army, someone who has repeatedly shown an inclination toward interfering in all internal political processes.

Skipalskiy, until recently leader of the Ukraine Officers Union, in his time actively fought "against the domination of Russian-speakers" in the Army. His victims were representatives of command personnel in three military districts located on Ukrainian territory, as well as, independent observers believe, the Ukrainian Army's combat readiness. This struggle reached its peak in Skipalskiy's department—the Main Military Counterintelligence Directorate—where Russian speech came to be seen as the height of disloyalty.

The general acquired particular notoriety by his unprecedented statement against President Leonid Kravchuk's decision to dismiss then Defense Minister Konstantin Morozov. At that time, General Skipalskiy proved that in certain cases the supreme commander himself was no law unto him.

In the transitional period—before a new defense minister, Vitaliy Radetskyy, was appointed—Skipalskiy, together with Deputy Minister Gen. Ivan Bizhan (who subsequently showed himself as commander of an operation to capture Black Sea Fleet units in Odessa), engaged in active intrigues aimed at preventing appointment to this post of any of the "pro-Russian minded generals."

In this respect he was especially nervous of Gen. Anatoliy Lopata, who enjoys the reputation as a major military specialist in the army. He is known for promising to call a fool everybody who dares to assume that he, Lopata, will fight with Russia. The candidacy of Vitaliy Radetskyy, known in the army for his principled apolitical attitude and as being ready to fight with just anyone, suited them most (in February 1992 Radetskyy told your author literally the following: "We are military people. We are not to decide whom to fight. If we are ordered to fight Germany, we shall fight Germany. If we are ordered to fight Russia, therefore we shall fight Russia").

Now the situation is changing. The newly elected Supreme Soviet and the president-elect are demonstrating rejection of nationalism in any form. The new Kiev leadership, orienting itself toward a union with Moscow, will hardly like generals who have built a career on anti-Russian sentiments. Meanwhile there is talk in the Ukrainian parliament about the need to undertake a comprehensive purge in the army leadership and get rid of the most outspoken national-radicals. In this sense the change of the ruling team in Kiev could become fatal for such generals.

And whereas the efficient Radetskyy is most likely to accept obediently any decision about his fate, "political activist" Skipalskiy will hardly wait meekly until he is led to the slaughter. From this perspective, the probability that the document published in SEGODNYA was not a fake is fairly high.

It remains to be added that the Ukraine Defense Ministry Press Service, to be consistent to the end, should also deny the report circulating in the press about a plan, designed in Kiev, to destabilize the situation in Crimea, a copy of which Moscow journalist Vladimir Mukusev has obtained from some mysterious strangers.

Security Service Says Plan 'Fabrication'

AU1507100994 Kiev HOLOS UKRAYINY in Ukrainian 14 Jul 94 p 4

[Unattributed report: "V. Mukusev's 'Sensational' Statement for Radio Liberty"]

[Text] As is known, well-known Moscow journalist Vladimir Mukusev spent five days in the Crimea. He arrived in the peninsula, allegedly, in order to obtain "secret documents on the destabilization of the situation in the Crimea by Ukrainian special services." Then the card of Mukusev's disappearance was played, and the Crimean militia announced his search. However, it later turned out that Mukusev had gone to the south of the

Crimea to rest. On 11 July, on his return to Moscow, Mukusev made a "sensational" statement in the evening program of Radio LIBERTY. He said that in one of the Ukrainian military units, deployed in the Crimea, he was handed a secret document, compiled on the basis of the information received from a Ukrainian resident in Moscow. The document asserts that two persons of Caucasian nationality were given $150,000 to assassinate L. Kuchma if he becomes Ukrainian president. In the Main Administration of Ukraine's Security Service in the Crimea, where our correspondent turned for explanation, he was told that this was "pure (it would be more appropriate to use the word 'dirty') fabrication."

Black Sea Fleet Commander Congratulates Kuchma on Election

LD1507091694 Kiev UNIAN in Ukrainian 0730 GMT 15 Jul 94

[Text] Sevastopol [no date as received]—On 14 July, Black Sea Fleet Commander Eduard Baltin sent a telegram to Ukrainian President-elect Leonid Kuchma. It says: "The military council and personnel of the Black Sea Fleet send their congratulations to you, Leonid Danylovych, on your victory in the difficult marathon of Ukraine's presidential election. Some 89.7 percent of Crimeans and 92 percent of Sevastopol residents voted for you with confidence in you and your program. Officers and their families made a unanimous choice in your favor, remembering the problem of Sevastopol and the Black Sea Fleet."

Black Sea officers invited Leonid Kuchma to the traditional Navy Day celebrations planned for 31 July in the hero-city of Sevastopol.

Radetskyy Reportedly Halts Nuclear Weapons Withdrawal

LD1407180994 Kiev UNIAN in Ukrainian 1710 GMT 14 Jul 94

[Text] Kiev [no dateline as received]—A three-day staff exercise has been held at the Defense Ministry of Ukraine's central administration. Conducted under the Armed Forces of Ukraine combat training plan, it rehearsed matters relating to improving the organization of forces command and control.

A UNIAN correspondent has learned that, speaking to the officers and personnel of the Defense Ministry central administration before the start of the planned exercise, Army General Vitaliy Radetskyy, the defense minister, announced that he had instructed Anatoliy Lopata, chief of the General Staff, and Colonel Oleksandr Serdyuk, chief of the Center for Administrative Control of the Defense Ministry's Strategic Nuclear Forces, to halt the transfer to Russia of components from the strategic nuclear missiles dismantled in Ukraine. The minister said his decision was motivated by the nonperformance by Russia and the United States of their pledges regarding the provision of financial and material assistance for Ukraine to carry out nuclear disarmament under the trilateral statement of 14 February by Presidents Leonid Kravchuk, Boris Yeltsin, and Bill Clinton on the withdrawal of nuclear arms from the territory of Ukraine.

Official Denies Order To Halt Withdrawal

LD1507094694 Kiev UNIAN in Ukrainian 0730 GMT 15 Jul 94

[Text] Kiev [no date as received]—Valeriy Ivashchenko, assistant to the deputy minister of defense for armaments, told UNIAN on 14 July that Army General Vitaliy Radetskyy, Ukraine's defense minister, has not ordered a halt to the transfer of nuclear arms components to Russia. He said the minister can only request parliament to make such a decision. Valeriy Ivashchenko said it is obvious that neither the United States nor Russia is fulfilling the terms of the trilateral agreement on the withdrawal of nuclear arms from Ukraine. However, he knows nothing about Vitaliy Radetskyy's statement before the start of a staff exercise on 11 July about suspending the transfer of nuclear arms components to Russia (reported by UNIAN in the previous bulletin) due to the failure of the United States and Russia to keep their promises of financial and technical assistance to nuclear disarmament. Valeriy Ivashchenko said he was away on a duty trip during the staff exercise and does not know of any such statement.

Crimea Urges Ukraine Rescind Laws on Police Subordination

LD1407124594 Kiev UNIAN in Ukrainian 1120 GMT 14 Jul 94

[All quotation marks as received]

[Text] Simferopol [no dateline as received]—The Crimean Parliament morning session on 14 July approved a resolution on the Crimean Supreme Council's legislative proposal to amend the law of Ukraine on militia and other binding acts.

The resolution points out that legislative and binding acts adopted by Ukraine's president, Supreme Council, and Cabinet of Ministers on the restructuring of law enforcement "contradict the Constitution of the Crimean Republic, the Crimean law of 20 May 1994 on the restoration of the constitutional basis of the Crimean Republic, and the law of Ukraine on delimitation of powers between state power bodies of Ukraine and the Crimean Republic.

Confirming its loyalty to the democratic process of negotiations between Ukraine and Crimea and striving to stabilize the situation, the Supreme Council of Crimea resolved: "To introduce a legislative proposal to the Supreme Council of Ukraine to rescind the law of Ukraine of 28 June 1994 'On amendments and additions to Article 7 of the Law on Militia to withdraw Crimean

militia units from the control of the Crimean Government and reorganize the Crimean Ministry of Internal Affairs into Ukraine's Ministry for Internal Affairs main directorate in Crimea';

"To veto the edict by the president of Ukraine and the resolution by the Cabinet of Ministers of Ukraine of 18 May 1994 on Ukraine's Ministry for Internal Affairs main directorate in Crimea; "to propose that the Supreme Council of Ukraine abolish Ukraine's Ministry of Internal Affairs main directorate in Crimea and maintain the Ministry of Internal Affairs of the Crimean Republic subordinate to the Crimean Government and the Ukrainian Ministry of Internal Affairs. The Crimean minister of internal affairs holds the post of Ukraine's deputy minister of internal affairs and sits on the board of this ministry."

Commenting on the resolution, Crimea's Deputy Prime Minister Yevgeniy Saburov said: "Both sides are now seen willing to return to the original status-quo. Such a decision would of course benefit Crimea."

Viktor Mezhak, deputy chairman of the Crimean Parliament said that the resolution was a step toward compromise and had much to do with the change of leadership in Ukraine.

Valeriy Kuznetsov, Crimea's minister of internal affairs said he was not inclined to dramatize the situation and the resolution would have little effect on his own future.

Crimean President's Appeal to Ukraine People Cited

MK1407111094 Moscow NEZAVISIMAYA GAZETA in Russian 14 Jul 94 p 3

[Unattributed report under the "NEGA Reports" rubric: "Crimea"]

[Text] An appeal to the people of Ukraine by the president of the Republic of Crimea promulgated yesterday says in particular: "With a change of political leaders, Ukraine will probably enter a new development phase because Leonid Kuchma is known as a statesman who upholds the primacy of economic values over political values, an idea very much supported in the Republic." The appeal goes on to say: "I hope that the new president and all citizens of Ukraine will now set a course toward restoring friendship and mutually beneficial cooperation in the interests of well-being and prosperity of peasants and all residents of Ukraine, toward a stable alliance with Russia, Belorussia [Belarus], and the other CIS countries."

Yuriy Meshkov also forwarded a congratulatory telegram to Alyaksandr Lukashenka on his election as president of Belorussia, in which Meshkov voices support for "the Republic's efforts in restoring the single economic space with Russia on the basis of legal integration processes." The president of the Republic of Crimea hopes "for a more active participation" of Crimea and Ukraine in these processes, for an expansion of relations of friendship and cooperation between Crimea and Belorussia.

Crimean Deputies Reject 'Populist' Protests, Cite Program

WS1407142294 Simferopol KRYMSKAYA PRAVDA in Russian 9 Jul 94 p 1

[Statement issued by the "Rossiya" faction in the Crimean Supreme Council; place and date not given: "Our Way With Populists Parts"]

[Text] Taking advantage of the complex socioeconomic situation in our Republic, which has been caused by the isolationist policy of the current Ukrainian leadership and the collaborative position of the former parliament and government of Crimea, the leaders of the Communist Party of Crimea, the Federation of Independent Trade Unions, and the Communist Youth Union have staged rallies and pickets. The goal of these actions is completely clear—to misinform society, earn political capital in the form of compensation for their defeat in the latest elections, and shirk responsibility for the consequences of the deep crisis onto the Crimean Supreme Council, president, and government, who have not been working for a long time.

The organizers and participants in the rallies put forward the following demands to the government: To not increase prices for bread; to prevent the introduction of private land ownership; to protect the internal consumer market; to halt the pilferage of public property; and to ensure that the president fulfills his promise to do away with crime and thuggery in Crimea before the beginning of the holiday season. Despite all the attractiveness of these demands, in many respects they are populist.

Respecting the basic economic laws and taking into account the budget deficit, the government will have to set a realistic price for bread, which is already higher in other regions of Ukraine than in Crimea.

Our deputies, supporting the program for economic reforms in Crimea, stand for various forms of ownership. Regarding land, it is possible that it will be leased for a long period of time to those who live and work on it, without the right to sell or buy it. The program for reforming the agricultural sector, adopted by the Crimean Supreme Council, envisions measures aimed at the protection of the interests of agriculture sector workers.

The internal consumer markets of both Crimea and Ukraine need to be protected against the influx of low-quality imports. Given the decline in production and shortages of goods, however, the current domination of imports is quite objective. To halt their influx, just as the Communists suggest, means to empty our already meager market.

Our faction deputies are going to uphold a privatization program, which would take into account the interests of all categories of Crimean citizens, and would adhere to the principles of social justice. It will stop the process of "grabitization," which is being conducted not without the participation of those who "have devoted themselves" to the interests of the people.

The demand to do away with crime and thuggery in Crimea in a short period of time in no less ludicrous, since the deterioration of crime-breading situation is a result of the deep socioeconomic crisis. Moreover, the Ukrainian leadership, which intends to transform the Crimean Interior Ministry into the Ukrainian Interior Ministry Main Directorate of Internal Affairs, is actually hampering a meaningful battle against crime. The task of protecting the law, order, and security of citizens is linked to the need to revive the economy and cannot be resolved instantly. A whole range of measures aimed at law enforcement is required. The Crimean Supreme Council, president, government are working on resolutions to the aforementioned tasks.

Esteemed Crimeans! We call on you to maintain peace and vigilance, and not follow populists appeals aimed at destabilizing the situation. We, being faithful to our electoral promises despite all obstacles, are going to firmly and consistently fulfill them, for the improving prosperity of our Republic's citizens.

Drought Hits Crimean Agriculture; Kiev Stance Scored

MM1407153594 Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 94 First Edition p 2

[Report by Vladimir Ostrovskiy and Viktor Popov: "Drought in Crimea. Yuriy Meshkov Leaves His Desk and Begins Working Day in the Fields"]

[Text] Crimea is suffering an unprecedented drought. Crops, pasture, and corn plantations are parched from the heat. In the arid Sakskiy, Chernomorskiy, and Simferopolskiy Rayons the earth is cracked and the corn thin and shriveled. The lifeless fields have caused Crimean President Yuriy Meshkov, republic Minister of Agriculture and Food Sergey Nikolskiy, and other agrarian specialists to take to the road.

The situation in Chernomorskiy Rayon is critical: Plants, scorched by the hot dry wind, have failed to develop. And after all, this region has in the past yielded as much as 30 quintals of barley per hectare. It has become obvious that it is economically more profitable to leave the fields to be pastured by livestock; the "Dalniy" Sovkhoz would not recoup the expense of collecting the harvest.

The parched corn plantations have depressed agrarians of the Tokarev Poultry Sovkhoz.

"Everything you have managed to grow must be preserved.... It must be given to the livestock for feed and ensiled.... Don't wait for the corn to be parched completely," the president advised.

Farm leaders complained of the financial impediments of the tax inspectorate and the shortage of fuels and lubricants.

"We find ourselves in a difficult situation: We do not even have sufficient straw for livestock feed for the winter," Viktor Yakovlevich Ivanovskiy, chairman of the "Put Lenina" Kolkhoz admitted. "We have 1,600 head of livestock on the farm. And the kolkhoz members have more than 1,000 head. They also need help. A field has been set aside for pasture. Of course, that is not enough. People have begun to sell livestock for slaughter."

"We do not entirely understand the stance of Ukraine. Right now there must be no delay in collecting the harvest—crops are being lost—but Kiev is not giving fuel," Leonid Kazak, Crimean first deputy minister of agriculture and food, joined the conversation. "Only half the 8,500 tonnes of gasoline planned for the harvesting has been recieved, and 3,000 tonnes of diesel fuel have been shipped. We manage to 'wring' a tankful of oil at a time out of them, while the machines stand idle in the fields.... We need 24,000 tonnes of seed—next year's harvest is also under threat—this too we are seeking, and obtaining, with the greatest difficulty."

Agriculture, specialists in this sector have reported, accounts for two-thirds of the Ukrainian economy. Economists estimate that in order to save the drought-hit kolkhozes and sovkozes a financial injection of 1.5 trillion karbovantsi is needed.

Moroz Receives Hungarian Envoy

AU1407112194 Kiev HOLOS UKRAYINY in Ukrainian 13 Jul 94 p 1

[Unattributed report: "The Need for Interparliamentary Ties"]

[Text] Oleksandr Moroz received Hungary's Ambassador Extraordinary and Plenipotentiary in Ukraine Istvan Varga. A friendly conversation took place in the course of which the sides touched upon the present state of Ukrainian-Hungarian cooperation and prospects for its development.

In our opinion, the ambassador pointed out, the relations between the two countries are developing successfully in all spheres. However, at the same time, he pointed out, there remain unused reserves that could contribute to the development of bilateral relations in new spheres. At present, as before, Hungary is very interested in cooperation with Ukraine, but already at an interstate level.

Moroz agreed with the idea voiced by the ambassador and stressed the importance of developing interparliamentary ties between Ukraine and the Hungarian Republic.

The ambassador handed Oleksandr Moroz an invitation from the chairman of his country's parliament to visit the Hungarian Republic at any time convenient for him.

Republican, Democratic Parties Discuss Merger

MM1507101694 Kiev UNIAN in Ukrainian 0730 GMT 15 Jul 94

[Text] Kiev [no dateline as received]—The Ukrainian Republican Party [URP] and the Democratic Party of Ukraine [DemPU] issued a joint statement on the results of Ukraine's presidential election, following a meeting of the URP leadership on 14 July.

The statement says that the attitude of the URP and the DemPU to the president will depend on how consistent he will be in the fulfillment of Ukrainian statehood. The statement stresses that the URP and the DemPU will "resolutely oppose any attempts to cede state independence" which is a "gain of many generations of the Ukrainian people."

The leadership also discussed a merger of the two parties. It has been decided to hold a joint leadership meeting of the URP and the DemPU on 22 July.

The idea about merging the two parties was first put forward at a URP conference in 1992. Soon, the DemPU decided at its conference to work out the mechanics of the merger. But the process was delayed due to the leadership change in the Democratic Party when Yuriy Badzyo was succeeded by Volodymyr Yavorivskyy.

The Ukrainian Republican Party has about 15,000 members and branches in all of Ukraine's oblasts and in Crimea. Membership in the Democratic Party is about 5,000. The proposed merger is attributed to the parties' almost identical views, goals, and programs.

UNIAN has learned from sources close to the URP leadership that a debate is in progress on the name of the new party, the likely option being the Ukrainian Republican Democratic Party (URDP), and the possibility of one party absorbing the other. Most probably, the parties will maintain equality. Thus, if a URP representative is elected to be the new party leader, his deputies will be members of the DemPU, and vice versa. Mykhaylo Horyn, Volodymyr Yavorivskyy, Dmytro Pavlychko, and Levko Lukyanenko have been named as the likely candidates.

UNIAN has also learned from informal sources that Volodymyr Yavorivskyy and Volodymyr Pylypchuk who belong to the "Center" parliamentary group, may leave it to join the "Statehood" group, formed primarily of URP members.

Belarus

Lukashenka To Nominate Ministers 18 Jul

WS1507081994 Minsk Radio Minsk Network in Belarusian 0300 GMT 15 Jul 94

[Text] On Monday 18 July, President Alyaksandr Lukashenka will advise Supreme Soviet Chairman Myacheslaw Hryb of his nominations for prime minister and heads of power ministries. As has become known from reliable sources, although Syarhey Linh—current deputy prime minister and minister of economy—has recently been often mentioned as a candidate for head of government, the scales have started to tip in favor of Mikhail Myasnikovich, first deputy prime minister in the Kebich government. The names of current Belarusian Ambassador to Russia Viktar Danilenka and Deputy Prime Minister Alyaksandr Kichkalin have also been mentioned in this context.

National Bank Chairman Stanislaw Bahdankevich will most probably maintain his post.

Pyotr Chaus and Anatol Kastenka, former commander of the Belarusian Military District in Soviet times, are believed to be the most likely candidates for the post of defense minister.

There are predictions that the post of interior minister will be changed. Uladzimir Danko, who has occupied the post for only several months, will probably be replaced by Mikhail Sazonaw, who has come to the Lukashenka team from the post of head of the Interior Ministry Department for Fighting Economic Crime.

It is not ruled out that KGB Chairman Henadz Lavitski will also resign and make room for Valeriy Ke?, who has worked as KGB deputy chairman for a short period of time.

The Foreign Ministry may be headed by Belarusian Ambassador to Poland Heorhiy Tarazevich.

The future of Customs Committee Chairman Henadz Shkurdz is still unclear. At the recent session of the Supreme Soviet Presidium he was to have been nominated ambassador to the People's Republic of China and the two Koreas. The nomination, however, did not take place because Alyaksandr Lukashenka asked the presidium to hold off in making a decision.

Many people want to know where Vyachaslaw Kebich will work after his resignation becomes effective. Well-informed sources claim that he has become chairman of the Belarusian Confederation of Industrialists and Entrepreneurs.

Nonetheless, we will have to wait until Monday [18 July] to see just how precise the predictions are.

Allegedly To Cut Funds for Critical Paper

WS1407110694 Minsk RID in Russian 0900 GMT 14 Jul 94

[Text] As RID has learned from unofficial sources, Alyaksandr Lukashenka has vowed to "punish" the ZNAMYA YUNOSTI newspaper, immediately after he assumes the presidency, for an array of critical articles against him published during the election campaign. By virtue of his presidential powers, Alyaksandr Lukashenka intends to reduce to a minimum the budget subsidies that the paper is currently receiving from the state. If such sanctions are really imposed, they will put into doubt Lukashenka's promise to promote democratic processes within the media.

National Bank Seeks To Amend Monetary Union With Moscow

LD1407195394 Moscow INTERFAX in English 1845 GMT 14 Jul 94

[Text] The Bank of Belarus is insisting on amending the treaty of unification of its monetary system with Russia, signed in Moscow on April 12. A source at the National Bank of Belarus (NBB) told the Financial Information Agency on Thursday that the bank's board had drafted amendments to be sent to experts at the Central Bank of the Russian Federation in the near future.

Among other things the amendments provide for changing article five of the treaty, because its current wording implies the abolition of the NBB. The Belarusian National Bank also suggests reserving in the treaty the right of the Bank of Belarus and the Central Bank of Russia to the joint control of emission, monetary, credit and currency policies. Besides, it proposes the coordination of credit emission and refunding rates.

The NBB insists on the exclusive right to independently carry out monetary emission in Belarus and control the activity of banks and creditor institutions. It is suggested opening correspondent accounts of the NBB at the CBR and of the CBR at the NBB.

The National Bank of Belarus is for setting the exchange rate of the Belarussian and Russian currencies on a parity basis proceeding from the real buying power of either currency computed by the national boards of statistics and irrespective of the free-market cross-rate of the Belarussian and Russian rubles against the U.S. dollar.

Instead of consolidating the state budgets of the two countries the NBB suggests jointly coordinating the budgets of consolidated budgets in percent of their gross domestic products and jointly choosing methods and sources of covering the deficits, the minimum state debt and terms of servicing it.

The proposed amendments provide for an inquiry by experts into the equivalency of incomes of either side after the abolition of customs duties.

Russia and Belarus early this month signed a protocol to pledge to amend the treaty, if need be. A Russian-Belarussian summit meeting is expected to take place in the first days of August where negotiations on the unification of monetary systems would continue.

Movement Ends Bloc Membership Over Communists' Exclusion

WS1507084994 Minsk BELAPAN in Belarusian 0630 GMT 15 Jul 94

[Text] The Movement for Democracy, Social Progress, and Justice [MDSPJ] has suspended its membership in the Popular Movement of Belarus [NRB]. In a relevant statement, the MDSPJ cochairmen explain that such a step was prompted by the NRB Coordinating Committee's resolution excluding from its ranks the Communist Party of Belarus and the Lenin Young Communist League, which are collective members of the MDSPJ. A final resolution on the MDSPJ leaving the NRB will be adopted by the MDSPJ Republican Council at its session sometime in the next few weeks.

Moldova

Deputy Prime Minister on 100 Days of Government

LD1407174594 Moscow INTERFAX in English 1352 GMT 14 Jul 94

[Interview with Moldovan Deputy Prime Minister Ion Gucu by unidentified INTERFAX correspondent on "100 days of the Moldovan Government"; place and date not given—from the "Presidential Bulletin" feature No. 134 (624); compiled by Nikolay Zherebtsov, Andrey Petrovskiy; Edited by Vladimir Shishlin]

[INTERFAX] Do you think the Sangeli government, supported by the president and government, works more efficiently than its predecessors?

[Gucu] One hundred days is to short a term to speak about any cardinal economic changes. Since the very beginning, we've been concentrated on specific programs. Our four-year program of the Cabinet's work aroused a rather heated discussion. Our strategy is economic reform in all spheres, and we must regain the time lost at the beginning of the year in the implementation of these programs, particularly in industrial restructuring and privatization—it was the time of election battles and organizational problems. We have also passed a number of resolutions aimed at lifting the barriers slowing down the work of manufacturers and on promoting the economic reforms in general.

[INTERFAX] What are the main tasks facing the Cabinet?

[Gucu] Firstly, industrial rehabilitation. The results of the first half of the year show that industrial decline continues and we have approached a critical line. And yet, over this period, the government has cleared up the situation at each industrial enterprise. The Ministry for Industry's Collegium discussed their business plans, which helped reveal promising and unpromising enterprises and decide which of them are in need of state support and which ones will have to be closed down.

Not long ago, the president passed the decree on measures to support manufacturers, which lifted the excise on many goods and lowered customs tariffs on components and raw materials. Within the framework of the financial and credit policy, the government has extended credits to a number of enterprises.

Another serious problem facing the government is the crisis in agriculture. An unprecedented drought has blighted many regions. We have sustained enormous losses. Practically, every family has been affected. We're currently looking for ways of softening the consequences of this natural disaster. We are to buy 200,000 tonnes of grain, which is not an easy task.

A few days ago, the government approved a plan of preparations for the winter and for buying coal and other types of fuel. This is a very complicated problem, because the budget is in a critical condition and we can't cover all expenses.

The economic difficulties are aggravated by the broken economic contacts with Transdniestria, although the government has done a great deal and continues to make efforts to restore the split economic system. Recently, the government met with the leaders of Transdniestria to discuss joint preparations for the winter, the repayment of the debts to Russia and mutual payments.

[INTERFAX] Obviously, political stability is one of the main conditions for a successful solution of these problems.

[Gucu] The government must feel the population's moral support. Meanwhile, certain destructive forces are making use of the current problems to discredit the government. Some parties have made categorical statements, whose goal is to disorient the citizens and complicate the consolidation of society. I'm convinced, however, that such statements will not be supported by the population.

The more so, since strong social policies are one of the Cabinet's priorities. We are taking measures to check the drop in the population's living standards. Over the 100 days, we have taken the decision to raise the minimal wage and support pensioners and other vulnerable groups. We are doing everything we can to exclude wage arrears.

[INTERFAX] How noticeable is the support of international financial institutions?

[Gucu] Not long ago, the government finished talks with the World Bank on the extension of a credit for supporting economic reforms. The World Bank is expected to lend us at least $60 million. Japan also voiced its

Kazakhstan

Premier Receives Iranian Health Minister

LD1407130094 Tehran IRNA in English 1234 GMT 14 Jul 94

[Text] Tehran, 14 July, OANA-IRNA—Health Minister Dr. 'Ali Reza Marandi held talks with Prime Minister of Kazakhstan Sergey Tereshchenko in Almaty Thursday [14 July] on issues of mutual interest.

During the meeting, Tereshchenko thanked Iranian officials for their sincere hospitality during his recent visit to Tehran which, he said served to drastically change his attitude towards the capabilities of the Islamic Republic of Iran.

He maintained that according to his assessment, Iran was on the threshold of great progresses and that Kazakh officials had many plans under study for expansion of cooperation with Tehran.

Marandi underlined the need for further promotion of bilateral relations and cooperation, especially in the areas of medicare, medical sciences and pharmaceuticals.

Marandi, who arrived in Almaty on Wednesday on an official three-day visit, is to sign a cooperation agreement in the areas of health, pharmaceuticals and medical sciences with his Kazakh counterpart.

Communist Leader Korolkov Interviewed

MM1507095394 Moscow PRAVDA in Russian 14 Jul 94 p 2

[Interview with Leonid Korolkov, chairman of Coordinating Council of Kazakhstan Communist Party Central Committee, by Tleuzhan Yesilbayev; place and date not given: "Search for One's Flank. The Communist Movement: Between the Past and the Future"]

[Text] As PRAVDA has already reported, the Ministry of Justice of the Republic of Kazakhstan has registered the rules of the Kazakhstan Communist Party [KCP]. People who profess communist ideology now have the opportunity to openly and freely expound their views on events in the Republic. At the request of PRAVDA's correspondent, L. Korolkov, chairman of the Coordinating Council of the KCP Central Committee, speaks about the tasks of the renewed Communist Party.

"The Communist Party is being renewed along the lines of reviving the democratic principles and norms of internal party life," Leonid Timofeyevich said. "Our choice is to move toward a society of freedom and social justice founded on the principles of scientific socialism and on the priority of panhuman values.

"There are now more than 48,000 people in the Communist Party's ranks, with an average age of 40 years. The Communists' social composition is heterogeneous, including quite a few workers, peasants, and representatives of the intelligentsia, and there are also entrepreneurs. We are pleased that the Communist Party's ranks are being swelled. KCP primary party organizations are operating in all the Republic's oblasts. Elected party organs will be turned into executors of the will of the party masses. Communists will never again permit any privileges for the leaders of the party's elected organs."

[Yesilbayev] What goals does the Communist Party set itself, and how does it intend to realize them?

[Korolkov] Kazakhstan's Communists advocate the reinstatement and development of the CIS countries' single economic area, state regulation of the economy, and its flexible combination with a market mechanism. In our opinion, public ownership in its various forms must retain the leading position. We are against "wild" privatization, the buying and selling of land, and the concentration of fixed production capital in the hands of the nascent bourgeoisie. In the social sphere the Communist Party intends to draw up alternative programs to ensure social justice and people's protection from elemental market forces.

We will consistently strive to realize program tasks by propagandizing our ideas and participating in elections of organs of representative power at all levels, and we will also use other means and methods that do not run counter to the law. Kazakhstani Communists do not want confrontation, realizing that in the present situation this could lead to the destabilization of society and the people's impoverishment. We advocate a constructive dialogue with all the Republic's state and public structures.

[Yesilbayev] Did the Communist Party nominate its own candidates for Kazakhstan's new parliament?

[Korolkov] Unfortunately not, since it had not yet been registered by the start of the election campaign. Nevertheless, there are people among the Supreme Council deputies who share our views, and they became deputies after nominating themselves as candidates. Quite a few Communists have been elected to the local representative organs of power—the maslikhats (deputies' assemblies).

[Yesilbayev] Leonid Timofeyevich, does the Communist Party have its own press organ?

[Korolkov] That is something for the future. For the time being, owing to material and financial difficulties, we cannot publish a newspaper. Nevertheless, it exists under the name RABOCHAYA ZHIZN. Several issues of it have appeared in GOLOS, the newspaper of the Kazakhstan Trade Union Federation, which kindly made its pages available to us. This made it possible to publicize the KCP program statement and rules.

[Yesilbayev] With which parties and movements in the Republic do you intend to cooperate?

[Korolkov] Kazakhstan's Communists seek to coordinate their actions with those parties which adhere to a position of democratic and social justice. Closest to us are the aims and tasks of the Socialist Party and the Kazakhstan Trade Union Federation, which come out in defense of the working people and against the impoverishment of the majority of ordinary people. We believe that Communists will regain the people's trust, and we will do everything to improve their life and to build a just and truly democratic society in the Republic.

Parliament Adopts Budget, Ratifies Baykonur Agreement

LD1407162594 Almaty Kazakh Radio Network in Kazakh 1400 GMT 14 Jul 94

[Text] On the 14 July the parliament resumed the 1994 republican budget discussion, adopting it on the article-by-article basis. Long and heated debates resulted in the adoption of the budget in general. The provision was passed on the Supreme Kenges deputies' assistants. The parliamentarians entered changes and additions in the law on holidays. The day when the Declaration on the State Sovereignty of Kazakhstan was passed, 25 October, has been proclaimed the national holiday, the Day of the Republic. This holiday was earlier celebrated on 16 December. A report on the introduction of changes and additions in some laws related to pensions for staff of the Procurator's office was presented by the Persecutor General. The relevant law has been passed. The chairman of the committee for the constitutional legislature and human rights Salyk Zimanov spoke on changes in the law-making plans. The relevant Supreme Kenges resolution has been adopted. The Supreme Kenges resolution was also passed on the newspapers KHALYK KENESI and SOVIETY KAZAKHSTANA. The resolution determines concrete measures of material, technical, and financial support of these papers. The estimate of costs of the Supreme Kenges, the Persecutor General office, the supreme arbitration and constitutional courts were approved as well as the estimates of costs for some national newspapers and magazines for 1994. The agreement between Kazakhstan and the Russian Federation on the main principles and terms of use of the Baykonur cosmodrome has been ratified as well as the agreement on priority measures to protect the victims of armed conflicts. A commission has been set up to carry out a parliamentary investigation of the December 1986 events in Almaty, led by deputy Yuriy Kim. First deputy Prime Minister Akezhan Kazhegeldin attended the session.

Further on Budget Adoption

LD1407190994 Moscow INTERFAX in English 1541 GMT 14 Jul 94

[Text] The parliament of Kazakhstan has voted for this year's state budget. Budgetary spending is estimated at more than 87.7 billion tenges, and revenue at more than 67.5 billion tenges. The budget deficit is set at 20 billion tenges, 4.6 percent of GDP. (The official exchange rate is 44.7 tenge for $1).

The Petroleum Information Agency's correspondent reports from Almaty that parliament failed to finalize the structure of either spending or revenue. For instance, members of parliament representing northern areas insist on a considerable reduction in excise duties, profit and value-added taxes charged from enterprises of the country's industrial center—the Northern Kazakhstan region and the Karaganda and Pavlodar regions.

Finance Minister Yerkeshbay Derbisov argues that higher excise duties and taxes should remain intact, because social needs vary from region to region.

Currently enterprises of the northern region give the budget 70 percent to 96 percent of VAT, 62 percent to 97 percent of profit tax and 63 percent to 95 percent of excise duties depending on the region. In the meantime enterprises of the southern region—the Almaty, Djambul and other regions are exempt from tax and excise payments to the national budget. All taxes go to the regional funds.

The parliament of Kazakhstan on Thursday [14 July] approved a resolution to effect the finalized state budget of Kazakhstan for 1994 together with an amendment saying that parliament should develop socially fair contributions from regions into the national budget.

Kyrgyzstan

Akayev Announces Cut in Official Subsistence Income

MM1407154194 Moscow PRAVDA in Russian 13 Jul 94 p 1

[Report by correspondent Yuriy Razgulyayev: "Consumer Basket Gets Lighter but Kirghiz Trade Unions Stay Silent"]

[Text] Bishkek—Kirghiz [Kyrgyz] President A. Akayev has announced a change in the size of the minimum consumer budget at a meeting with representatives of the Council of the Federation of Trade Unions. The most curious thing is that the budget has been revised downward. That is to say, it will now be just 240 rather than 344 soms. Have foodstuffs, services, and transport charges gotten cheaper? Would that they had.... It turns out that the World Health Organization has developed especially for developing countries a new methodology for calculating the minimum resources necessary to maintain human life.

It is difficult to comment calmly on this fact. On the one hand, international experts do, of course, know how much money a Kirghiz needs to survive the transition from the old, "unenlightened" life to the new, market life. They have already repeatedly told local figures that

they are too "humane" and spend too many resources on social assistance and various benefits and subsidies.

But, on the other hand, you don't have to be an expert to realize that the living standard of the majority of inhabitants of Kirghizia [Kyrgyzstan] dropped below the poverty line long ago. At this meeting with trade union workers it was said that the average pension today is only 74 soms and that the government cannot promise to increase it in the very near future because there is no money. But now compare this figure with even the subsistence income. It is one-third of it. And yet it is not just pensioners who live at this level today.

Unfortunately, the president's statement on lowering the consumer minimum was accepted calmly by the trade union officials. It is clear that they understand social partnership as meaning constant support for the president and government. It is difficult to recall even a single action where Kirghizia's modern trade unions have acted as defenders of working people.

World Bank Group Allocates $17 Million Credit

LD1307133694 Moscow ITAR-TASS in English 1211 GMT 13 Jul 94

[Report by ITAR-TASS correspondent Boris Maynayev]

[Text] Bishkek 13 July, TASS—The International Association of Development, which forms a part of the World Bank, has allocated a 17 million U.S. dollar interest-free credit to Kirghizia [Kyrgyzstan]. It became known today that these funds are intended to "soften the social consequences of the process of creating the basis of a market economy in the Republic."

This is the fourth credit made available to Kirghizia by the World Bank group, since the Republic joined this organization in September, 1992. The total volume of aid to Bishkek from the World Bank has already reached 155 million U.S. dollars.

According to foreign experts, Kirghizia will soon begin repaying its debts. H.Trines, the International Monetary Fund representative in the republic, addressed a batch of business management trainees and spoke approvingly of the policy of the republic's National Bank. Trines thinks that a tough credit-finance policy, the liquidation of loss-making enterprises and a reduction in the inflation rate would strengthen the Som (the Kirghiz currency). This would instill hope in the economy's revival and Kirghizia's capability to repay debts to foreign creditors.

Turkmenistan

ITAR-TASS Notes Recent 'Warmer' Relations With U.S.

LD1507084594 Moscow ITAR-TASS in English 0742 GMT 15 Jul 94

[Report by ITAR-TASS correspondent Lydmila Glazovskaya]

[Text] Ashkhabad [Ashgabat] 15 July TASS—In the recent week relations between Turkmenistan and the United States became somewhat warmer after a lull resulting from differences in the notions of democracy. President of the United States Bill Clinton made an address to the Turkmenian people and its president. It is characteristic that the message of the U.S. President was published by the local press which, following the principles of the course at "10 years of stability," and so as not to shake Turkmenian society, does no allow for any criticism of President Niyazov's policy.

Using the occasion of the presentation of credentials by a Turkmenian ambassador in the United States, Bill Clinton conveyed through him a message in which he expressed the hopes for greater closeness between the two states that are so different and the confidence in the potential of bilateral cooperation. He also noted that cooperation at present is complicated by the lack of progress in political and economic reforms in Turkmenistan. President Clinton also expressed the confidence that the Turkmenian people and president share his view that respect for human rights and tolerance to different political views are very important for the development of free and democratic society.

This tolerance was confirmed not only by Clinton's assurance that Americans will always be supporting, as friends and partners, the Turkmenian people taking the road of democracy, but also by another message from across the ocean, from Robert Holderness, the mayor of Folsom, California. He expresses regards for the Turkmenian president and notifies him of being voted an honourary citizen of Folsom. The mayor expressed admiration for the plans for Turkmenian economic reforms.

The mayor's message also says that the Folsom municipal council will deem it an honour to be able to help President Niyazov in achieving his ends through trade and information exchange. Folsom Research Inc will act as a mediator and will be meeting Turkmenistan's technological needs.

In response the Turkmenian side gave special attention to the U.S. Diplomatic Corps in Ashkhabad that had so far kept a low profile. On the Independence Day, the U.S. national day, a folk music fete was held for them in the open and one of the new American films had a premiere at one of the best cinema houses in Ashkhabad.

Speeches were delivered at these functions. It was stressed that independence is the notion common to all countries and peoples. During an outing, the U.S. ambassadors in Turkmenistan, viewing a magnificent highland landscape, told ITAR-TASS that it was one of the most wonderful days he spent in Turkmenistan.

The Ashkhabad-Washington dialogue shows more warmth.

Uzbekistan

Karimov Meets Japanese Marubeni Corp. Delegation

LD1507102694 Tashkent Radio Tashkent Network in Uzbek 0145 GMT 15 Jul 94

[Excerpts] On 14 July, Uzbek President Islam Karimov received [name indistinct] (Masumura), chief director of the Marubeni Corporation currently visiting our country as a guest. [passage omitted]

There are many favorable conditions for foreign investors in Uzbekistan. The introduction of Japanese technology in processing our country's oil and gas; light industry, particularly in the field of silk, and cooperation in telecommunications and other fields are important for us, Karimov says.

The guest expressed gratitude for the warm reception. The continuation of the Tokyo talks and further strengthening of ties between Uzbekistan and Marubeni are the main aims of this visit.

The proposed drafts on economic cooperation with enterprises in Bukhara, Namangan, and Ferghana Oblasts were assessed and examined. The Marubeni Corporation will be opening an office in Tashkent. Khamidov, deputy prime minister of Uzbekistan and [name indistinct], extraordinary and plenipotentiary ambassador of Japan to our country participated in the talks.

Decree Permits Privatization of Businesses, Land

MM1407104594 Moscow TRUD in Russian 13 Jul 94 p 3

[Report by Valeriy Biryukov: "Land Can Be Bought"]

[Text] Tashkent—Uzbekistan's mass media have publicized a cabinet of ministers decree on the procedure for selling into private ownership trade and services sphere facilities together with the plots of land on which they stand. According to assessments by foreign specialists, this document will serve as a powerful accelerator of the economic reforms being implemented in the Republic.

Sales will be made by means of a competition or auction. An obligatory condition of every deal is the conclusion between the vendor and the new owner of an agreement to preserve the facility's operating profile, which the owner has no right to change. If the terms of the agreement are violated, the facility is confiscated with repayment of its value at the original price, and the plot of land is confiscated without repayment of its value.

In order to establish differentiated initial prices for plots of land depending on their location and their provision with utilities, the starting price for a unit of land area is set at 50 times the rate of land tax.

The cabinet of ministers decree will undoubtedly bring about an influx of investments into the republic, for foreigners may also be owners of facilities with plots of land.

Armenia

President, Others Discuss Cooperation With Oleandrov

NC1407194294 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 14 Jul 94

[Excerpts] Armenian President Levon Ter-Petrosyan today received Vsevolod Oleandrov, head of the Russian state delegation on talks with Armenia and ambassador on special missions. The Armenian presidential press service reported that matters related to the strengthening of Russian-Armenian military-political cooperation, the finalization of the legal foundation for the Russian military presence in Armenia, and the development of industrial ties between the two countries were discussed during the meeting.

General-Colonel Vladimir Kuznetsov, head of the Russian Army Engineering Corps; Russian Ambassador to Armenia Vladimir Stupishin; Armenian State Minister Armenak Gazaryan; Armenian Foreign Minister Vahan Papazyan; and Armenian Ambassador to Russia Yuriy Mkrtumyan were present at the meeting.

Armenian Prime Minister Grant Bagratyan today received Vsevolod Oleandrov, the Russian Foreign Ministry's ambassador on special missions and head of the Russian state delegation. The following is a report by Grigor Gozelyan:

[Begin Gozelyan recording] After the end of the meeting, Vsevolod Oleandrov, the Russian Foreign Ministry's ambassador on special missions and head of the Russian state delegation, held a brief meeting with reporters, who had the opportunity to ask a few substantial questions on the course of the talks. The head of the Russian delegation stated: It must be noted that the talks are on a successful course and will be concluded tomorrow morning.

Just to remind you, let me state that a whole package of military-political and economic agreements touching on the state interests of the two countries has been placed on the Armenian-Russian negotiating table that includes Russian military bases in Armenia, the planned activities of the Russian Hayuraldikshin construction firm, the reestablishment of economic ties between the Armenian and Russian industrial enterprises, and matters pertaining to the restoration work in the earthquake disaster zone.

The next issue of interest for reporters was the Nagorno-Karabakh problem. [Oleandrov's statement in Russian omitted] [end recording]

Armenian Foreign Minister Vahan Papazyan today received Vsevolod Oleandrov, head of the Russian delegation on talks with Armenia and ambassador on special missions. The Armenian Foreign Ministry press and public relations service reported that matters of mutual interest were discussed during the meeting, particularly the work of foreign ministries and embassies, the exchange of political information, and bilateral agreements.

Deputy Foreign Minister Eduard Zuloyan and Russian Ambassador to Armenia Vladimir Stupishin were present at the meeting.

Seven Hurt in Azerbaijani Attack on Northern Border

NC1407153794 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 14 Jul 94

[Text] The Armenian Defense Ministry Press Service reported that Azerbaijani Army units reactivated their military operations on the northeast border of the Republic at dawn today. The enemy opened artillery and tank fire at the defensive positions around Berd and Movses in Tavushskiy Rayon at 0530.

According to information just received, seven people were hurt, two of them seriously.

Our border guards observed the cease-fire and did not retaliate. The artillery shelling was subsiding by 1100. No incidents have occurred in the other border zones since last night.

The Press Service of the Nagorno-Karabakh Republic Defense Army headquarters reported that the cease-fire has been observed on Karabakh fronts since last night.

Yerevan Rejects Turkey's Participation in Peacekeeping

LD1407175994 Moscow ITAR-TASS World Service in Russian 1716 GMT 14 Jul 94

[Report by ITAR-TASS correspondent Tigran Liloyan]

[Text] Yerevan, 14 Jul—"Turkey cannot take part in any peacekeeping operations aimed at settling the conflict between Azerbaijan and Nagornyy Karabakh [Nagorno-Karabakh] even as an observer," an official spokesman of the Armenian leadership said here today. In addition, he said the absence of diplomatic relations between Armenia and Turkey is a formal reason for which Turkey cannot take part in this settlement.

Azerbaijan

Premier, Gilan Province Governor Discuss Border Relations

LD1407125594 Tehran IRNA in English 1230 GMT 14 Jul 94

[Text] Baku, 14 July, OANA-IRNA—Governor General of the northern Iranian province of Gilan 'Ali Akbar Tahae'i and Prime Minister of Azerbaijan Surat Huseynov here Wednesday [13 July] discussed ways of expanding Irano-Azerbaijan border relations.

Huseynov expressed satisfaction with the growing trend of bilateral relations and thanked Iran for providing humanitarian relief aid to Azeri refugees.

He outlined his country's stance on the Karabakh issue and underlined that the Republic of Azerbaijan welcomed peaceful solutions to the dispute.

Tahae'i reiterated the readiness of the Islamic Republic of Iran to continue sending relief supplies to Muslim Azeri people.

In his visit to the Azerbaijan Republic he had brought 100 truck-loads of humanitarian aid donated by the people of Gilan Province for Azeri refugees.

Tahae'i also briefed Huseynov on abundant potentials of his province for expansion of regional-border relations with Azerbaijan in commercial and trade fields.

Armenia Says Azeri Army Active on Northeast Border

LD1407141794 Moscow INTERFAX in English 1339 GMT 14 Jul 94

[Text] In the early hours of 14 July, the Azeri Army intensified hostilities in the north-eastern part of the border with Armenia, INTERFAX was told by a spokesman for the Armenian Defense Ministry.

At 0530 Azeri units shelled the suburbs of the administrative center of Berd and the Armenian fortifications situated near the village of the Taush District of Armenia. No casualties have been reported.

According to the spokesman, Armenian units observing the truce, did not retaliate.

Georgia

Opposition Fails To Unite in Fight Against Government

LD1407195094 Moscow INTERFAX in English 1847 GMT 14 Jul 94

[Text] Despite numerous appeals, the Georgian opposition failed to unite at its meeting in Tbilisi Thursday [14 July] to struggle together against the current Georgian authorities.

A major opposition alliance—the Republican Party—withdrew from the radical wing. One of its co-chairmen, Vakhtang Dzabiradze, said there were issues, for example Eduard Shevardnadze's resignation, that were impossible to agree on.

The chairman of the Merab Kostava opposition society, Vazha Adamiya, blamed the Georgian leadership for repressions against opposition activists.

Adamiya read out a statement signed by several parties accusing the authorities of this and other crimes and called on those present to sign the document.

Parliamentary Vice Speaker, leader of the ruling coalition Vakhtang Rcheushvili, told Interfax on the eve of the meeting that the opposition clearly had no force to change the state's policy.

Estonia

Prime Minister Laar Hails U.S. Congress Resolution

LD1407191794 Moscow INTERFAX in English 1541 GMT 14 Jul 94

[Text] Prime Minister of Estonia Mart Laar has described as a highly positive step the latest resolution by the U.S. congress linking economic aid to Moscow with a Russian pullout from that country.

In an interview with INTERFAX on Thursday [14 July], he said "it is a due response" to President Boris Yeltsin's refusal at Naples to complete troop withdrawal by the deadline of 31 August. "The U.S. decision makes it clear that our policy was productive, and I am sure it will help bring forward the date of troop withdrawals and make the pullout real," Laar said. In his view, the pullout is more in the interests of Russia itself. "Otherwise, Russia may face serious problems internationally, something that Swedish Prime Minister Carl Bildt has warned it about", he said.

Laar is uncertain whether the U.S. senate's move can help precipitate a Russian-Estonian summit. "Russia's policy is unpredictable. I sometimes think it is not all keen to sign an agreement on troop withdrawal and is preparing to pull out quietly as it did from Lithuania," he said.

On the agenda of a possible Moscow-Tallinn summit, Laar said that "for our part, we would like to include troop withdrawals as the sole question for discussion."

Government Protests Russian Troop Pullout Decision

LD1407173794 Moscow INTERFAX in English 1352 GMT 14 Jul 94

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[Text] The Estonian leadership made a statement last evening saying that it was very disappointed with the refusal of Russian President Boris Yeltsin to withdraw the Russian troops from Estonia by 31 August (as planned). Yeltsin made his stand on the issue known in Naples on 10 July.

Estonian President Lennart Meri, Chairman of the State Assembly (the parliament) Ulo Nugis and Prime Minister Mart Laar called on "all countries of the world to show Moscow that great powers also must fulfill their obligations." The statement said that if it was necessary Estonia would defend its rights with all diplomatic means that it had.

The statement also said that Estonia had repeatedly expressed its readiness to negotiate with the Russian party at all levels in order to settle the issue urgently and efficiently. "Estonia intends to develop friendly and permanent relations with Russia and welcomes the consent of President Yeltsin to hold a summit," the statement said. IF Note: Now there are about 2,000 Russian servicemen remaining in Estonia. Russia has conditioned the troop withdrawal with giving social guarantees to Russian retired servicemen living in Estonia. Estonia refuses to meet this demand.

Russian Envoy, Yeltsin's official representative in the parliament on ratification of the Russian-Latvian agreements Sergey Zotov said that the decision of the U.S. congress conditioning economic aid to Russia with withdrawal of its troops from the Baltic states by 31 August was "irresponsible, non-constructive and capable of only preserving the tension in the Baltic region."

Zotov said the move of U.S. lawmakers could be considered as direct encouragement of the discriminatory policy towards the Russian population carried out by the Latvian and Estonian leaders and as support of their uncompromising stand on the issue concerning the status of Russian retired servicemen living in the Baltic countries.

Zotov said he believed that the decision made by the U.S. congress last night could cause certain damage to Russian-U.S. relations. Zotov repeated that during the recent meeting of the Russian and U.S. presidents in Naples the presidents had agreed that the final troop withdrawal must appear as a result of completed talks.

Turkish Foreign Minister Departs 14 Jul

WS1407152194 Tallinn ETA in English 1507 GMT 14 Jul 94

["News Release"]

[Excerpts] Tallinn, 14 July—Turkish Foreign Minister Hikmet Cetin left Estonia on Thursday [14 July] saying that his country appreciated highly Estonia's rapid integration into the world and its success towards democracy and market economy.

During his two-day visit, Cetin met President Lennart Meri, Prime Minister Mart Laar and Foreign Minister Juri Luik. [passage omitted]

Cetin said Turkey intended to forge closer cooperation with Estonia in defence industry. Turkey and Estonia have very much in common in issues concerning European unity and security, Cetin said. Luik added that Turkey supported Estonia's demand for Russian troop pullout by 31 August deadline and has, together with other NATO members, signed the respective Istanbul declaration. Estonia and Turkey both oppose Russian strives to get a special peace-keeping mandate on the territories of the former Soviet Union,

Estonia and Turkey have bilateral economic interest, especially in tourist business, Luik said. [passage omitted]

Delegation Meets Churkin in Moscow, Returns Home

LD1507085394 Tallinn Radio Tallinn Network in Estonian 0600 GMT 15 Jul 94

[Text] The Riigikogu foreign commission delegation led by Vello Saatpalu will be returning from Moscow today. During the visit there were meetings with members of the Russian Parliament and also with Russian Deputy Foreign Minister Vitaliy Churkin. The key issue was the Russian troop withdrawal from Estonia and the problems of the retired Russian servicemen living in Estonia. According to Saatpalu, Russia's positions on these issues have not changed; there is no intention to compromise.

Latvia

Birkavs Holds News Conference on Resignation

LD1407150994 Riga Radio Riga Network in Latvian 1300 GMT 14 Jul 94

[Excerpt] An hour ago there began a news conference by Prime Minister Valdis Birkavs and deputies of the Latvian Way faction. It seems to be still in progress. At this news conference they spoke both of what has been achieved and of the government crisis and resignation, to say nothing of what is to come. Let us listen to Valdis Birkavs:

[Begin Birkavs recording] I want to assure you that what is happening in the country is an integral part of the normal democratic process, and that in every coalition there can be problems. Such problems have arisen and reached their highest level—problems and contradictions in the governing coalition—in Latvia as well.

In the course of our work we made various compromises and worked successfully. I think that a lot has been achieved too, and only a month ago Gundars Berzins of the Latvian Peasants' Union published a long article entitled "Why Will the (?Coalition be Worthwhile?)," pointing out that this government has seen to it that the grain market has been put in order, and he himself acknowledged that it has been done.

But this cooperation is reflected best of all in the budget, in which the money devoted to agriculture is 2.8 times more than last year, although the increase in the budget overall was only 21 percent. I will not talk about everything else that has been diverted for agriculture, as we well know that it has not been sufficient anyway, but it has been much more than for any other branch, and it has been to the detriment of other branches. Such an escalation in demands could not continue for long, as the government must guarantee the survival and development not only of supporters and members of the Peasants' Union, but the development of the whole country, balancing the budget possibilities, raising credits, of which the lion's share went straight into agriculture.

The tariff question became crucial as the contradictions in the coalition worsened, and therefore the adopted law on customs tariffs was sent back to the Saeima for review. Seeing that the tariffs that were confirmed were not the necessary ones, we agreed that these tariffs could be reviewed again, only together with a whole range of other measures.

However, regardless of this announcement, the Peasants' Union faction, unexpectedly and without prior warning, ceased its activity in the coalition. Three ministers submitted their resignations, which I accepted. However, reviewing the whole situation together, in discussion with the board of the Latvian Way Association, in discussion with the Latvian Way faction, with the government ministers of the Latvian Way, we came to the unequivocal conclusion that this government cannot work and continue working in order to fulfill the declaration, which gave us the Saeima's confidence.

The Saeima's vote of confidence was for a government formed by the Latvian Peasants' Union and the Latvian Way. If one of the coalition partners leaves the coalition, the other coalition partner, even if it is able to work—and we do regard ourselves as able to work—cannot continue working without an expression of confidence by a new Saeima or without a new government being formed.

Considering that the coalition has in fact been dismantled thanks to the action of the Latvian Peasants' Union faction, the government made—I made—the decision to resign. Yesterday the Latvian Way faction unanimously supported my decision. [end recording]

[passage omitted]

Cabinet To Continue Functioning

LD1407153194 Riga Radio Riga Network in Latvian 1500 GMT 14 Jul 94

[Text] Today Prime Minister Valdis Birkavs officially announced the resignation of the entire cabinet, as the Latvian Peasants' Union has unilaterally ceased activity in the coalition agreement with the Latvian Way association, thereby making it impossible for the cabinet to carry out the duties entrusted by the government in the declaration of its work.

The cabinet, led by Birkavs, will continue to carry out its duties until the formation of a new government. Andrejs Pantelejevs, the leader of the Latvian Way faction in the saeima, told a news conference that the resignation is not proof of a national crisis but of a coalition crisis, which can be settled within this (saeima). The Latvian Way also believes that it is not necessary to call early saeima elections. Pantelejevs stated that the Latvian Way is also ready to form a minority government.

Finance Minister Uldis Osis said that the Latvian Way also rejects the claim by the Latvian Peasants' Union that it had violated the government declaration. The Latvian Way has done enough to put agriculture in a

privileged position. By adopting increased customs tariffs, the development of agriculture will occur at the expense of other branches of the economy.

Ulmanis Comments

LD1407115594 Riga Radio Riga Network in Latvian 0900 GMT 14 Jul 94

[Text] All of you, I think, who are listening to this news program, know that yesterday Prime Minister Valdis Birkavs announced the dissolution of the government. I also think that you know that according to existing legislation, after the dissolution of the Cabinet of Ministers, the state president must call on one of the Saeima deputies to form a government. Yesterday evening we conferred with Guntis Ulmanis to find out his views on Valdis Birkavs' announcement:

[Begin recording] [Ulmanis] Of course, it surprised me very much, because after the announcements yesterday, and the day before, by the prime minister as to how he assessed the resignation of some ministers, I was fully convinced that (?a way out) would be sought, and the Latvian Way would continue to carry out its policies, and that it would refrain from all [words indistinct]. So, regarding that surprise, I cannot make any more comments at the present time. Regardless of this announcement, the government will definitely continue working. The government will work for the appointed time; if he confirms this announcement, this will continue until a new candidate is proposed for the post of prime minister, until a new government is formed. Anyway, there is no evident element of crisis here with regard to the situation in the country. Of course, I talked it over with some government ministers, too, after this report. According to what the ministers said, I understand that each of them will carry on with the work he has begun.

[Unidentified correspondent] Can you predict the candidate for the new prime ministership?

[Ulmanis] I will become familiar with all the documents, the subjects. I will surely also meet the prime minister; we will discuss the situation and his view of this issue. We will meet after that with the factions, with the party leaders; after that we'll see how the situation develops in future—see who has the courage, the conviction, the vision that corresponds with our nation at the moment—so the work will continue. It's too early to speak at the moment of specific candidacies. [end recording]

Official Denounces 'Provocation' During Clinton Visit

WS1407114894 Tallinn BNS in English 0900 GMT 14 Jul 94

[Text] Riga, 14 Jul BNS—Riga Council deputy of the Socialist Party Janis Treikals moved a demand Tuesday [12 July] to call to responsibility persons who sawed down an aging elm planted in Riga by Russian Czar Peter I. The tree was sawed down 7 July and, Treikals said, "this action directly coincides with the visit of U.S. President Bill Clinton in Riga."

Treikals' party describes the incident as "a barbaric shortsightedness, which turns nature violation into political provocation." "Clinton destroyed memory of Peter I in Riga," according to the statement. The Socialist party claims the action was deliberate.

Peter I planted the elm at 6 Palastaiela in 1721 in the former Kaiser Garden, thus, commencing the formation of the park.

Relations With Taiwan Scaled Down in Favor of PRC

LD1507084494 Riga Radio Riga Network in Latvian 0700 GMT 15 Jul 94

[Text] In order to fulfill its international obligations to the People's Republic of China, the Latvian Foreign Ministry (?hopes) to put in order its relations with the Republic of China, or Taiwan, reports the newspaper DIENA. The consul general of the Republic of China (?has been called) to the Foreign Ministry and given a note asking him to transform the consulate general into some sort of representative mission.

Aivars Vovers, deputy secretary of state for Eastern affairs at the Foreign Ministry, said that this request from Latvia means scaling down the mission's diplomatic status.

The request is based on Latvia's wish to observe the treaties it has concluded on renewing diplomatic relations between Latvia and the People's Republic of China.

The Taiwan consul general will present the Latvian note to his Foreign Affairs department and provide testimony that Latvia's request will be carried out.

Lithuania

Finance Ministry Official Says Shortfall 'Evident'

WS1407115094 Tallinn BNS in English 0900 GMT 14 Jul 94

[Text] Vilnius, 14 Jul, BNS—It is already evident that Lithuania will be unable to fulfill its planned budget this year, says Deputy Finance Minister Reinoldijus Sarkinas.

Sarkinas, who heads the Finance Ministry's budget division, said such an outcome should have been forecasted when the budget was approved, because it was clear already then that the planned revenues are unrealistic.

During the first six months, the Lithuanian budget received around 1.17 billion lits, which is 85.2 percent of the revenues planned for the period or 41.9 percent of the planned annual revenues.

In an interview with the RESPUBLIKA newspaper, Sarkinas denied a view that the budget is short of money chiefly because corporations conceal their income. The official said corporations simply get less profit than last year, or no profit at all. Sarkinas said the Finance Ministry experiences great difficulty in distributing state funds, because the needs of all fields cannot be satisfied. During the first half of this year, the system of transport received only 54.1 percent of what was planned. Agriculture, forestry, and fishing industries received even less—45.6 percent. The government had to take loans from commercial banks and already owes them 78 million lits, Sarkinas said. In his words, the Ministry of Finance will soon suggest to redistribute the budget, to cut spendings on defense and state government.

Land Border With Latvia Established

LD1407143794 Vilnius Radio Vilnius Network in Lithuanian 1300 GMT 14 Jul 94

[Text] The State Geodesic Service announced that the land border with the Republic of Latvia has been established. The length of the land border is 576 km 140 meters.